

Titelblatt der Dissertation bei der Einreichung

LOCAL PUBLIC ADMINISTRATION REFORM:
An Empirical Study of Local Government Reform in Indonesia during the
Local Autonomy Implementation (1999-2004)

*[Reform der Öffentlichen Verwaltung auf Lokaler Ebene:
Eine Empirische Studie der Lokalen Regierungsreform in Indonesien
Während der Implementierung der Lokalen Autonomie (1999-2004)]*

Dem Fachbereich Gesellschaftswissenschaften
der Universität Duisburg-Essen
zur Erlangung des akademischen Grades

Dr. sc. pol.

vorgelegte Dissertation

vom

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aus

Purwokerto, Indonesien

17. 04. 2007

Aus dem Institut für Politikwissenschaft
Der Universität Duisburg-Essen

Gedruckt mit Genehmigung der
Gesellschaftswissenschaften Fakultät der
Universität Duisburg-Essen

Referent : Prof. Dr. Dieter Grunow
Koreferent : Prof. Dr. Thomas Heberer

Tag der mündlichen Prüfung: 07.08.2007

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Hiermit erkläre ich ehrenwörtlichen, daß ich die vorliegende dissertation, „LOCAL PUBLIC ADMINISTRATION REFORM: An Empirical Study of Local Government Reform in Indonesia during the Local Autonomy Implementation (1999-2004) [*Reform der Öffentlichen Verwaltung auf Lokaler Ebene: Eine Empirische Studie der Lokalen Regierungsreform in Indonesien Während der Implementierung der Lokalen Autonomie (1999-2004)*]“ selbständig angefertigt und keine anderen als die angegebenen Quellen und Hilfsmittel benutzt habe. Ich habe diese Dissertation in gleicher oder ähnlicher Form in Keinem anderen Prüfungsverfahren vorgelegt. Außerdem erkläre ich, daß ich bisher noch keine weiteren akademischen Grade erworben oder zu erworben versucht habe.

Duisburg, den 17.04.2007

Agus Heruanto Hadna

Acknowledgements

To the Almighty „ALLAH“ who has granted me all these graces to fulfil this work and who supported me and blessed me by His Power and His Mercy all my life. To Him I extend my heartfelt gratefulness.

Writing this dissertation has been like a long journey and the voyage rich of experiences. I could never have reached my destination however, without the support of people who have been by my side for the past three years. These people I want to thank and appreciate in this note, firstly I wish to express my deep gratitude and sincere appreciation to Prof. Dr. Dieter Grunow as my ‘Doktorvater’, who gave me the opportunity to study in University of Duisburg-Essen, for his continuous support, encouragement, and lightened my way as well as softened my path during the course of this endeavour. He is also my promoter who has intrigued my thoughts and travelled my mind to places that I would never have discovered myself. My deep thankfulness is headed to Prof. Dr. Thomas Heberer for his willingness to be my Co-Supervisor and for the support in finishing my PhD. thesis.

I also appreciate for their willingness to share her expertise and to endow her patience during my field research from higher official in The Ministry of Home Affairs and The State Ministry of Public Personnel Empowerment of Republic of Indonesia as well as Regents/Mayors and their staff of local governments in Giri, Prajan, Anom, Kulon, Alit, and Wetan. I believe if they did not allow me to do this research I could never have finished this dissertation. The data support from the Centre for Policy and Population Studies UGM, and Master of Public Policy and Administration UGM, and Public Administration Institution Jakarta are greatly acknowledged.

I wish to thank Prof. Dr. Sofian Effendi as former Rector of University of Gadjah Mada (UGM) and Prof. Dr. Agus Dwiyanto as the former Vice Rector for International Cooperation UGM are persons officially financial support me to take Ph.D program in Germany however, without the support of both I could never have studied in Germany. My acknowledgement is also directed to Dr. Agus Pramusinto from Master of Public Policy and Administration UGM who helped me to find the

English Editor as well as to support finance the editing. I wish also to express my gratitude to the members of the Department of Public Administration Faculty of Social and Political Sciences UGM especially Bevaola Kusumasari, SIP, M.Si for her kindly help. My acknowledgements are also appointed to my students, Arief and Iwan as well as my brother Firdaus who help me to gather data and more information in my field research. I thanks also for Ade and Katrin who did the English editing of this dissertation.

The greatest honours and appreciations are assigned to my beloved wife, Triana Hertiani, and to my son, Abyan Hermuzakki Hadna for their unwavering encouragements and prayers, utmost patience and joyful love. Finally, fruitful thanks I shall dedicate to my parents for their unconditional and unfaltering love which help me through all the obstacles.

For Anik and Abyan Hadna, with heart full of love and thanks

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LIST OF ABBREVIATIONS and ACRONYMS

ABG	: Military (ABRI), Bureaucracy, Golkar (political party)
ABRI	: Indonesian Army Force (now TNI)
ADB	: Asian Development Bank
AKU	: General Policy Direction
APBD	: Regional Budget
Askes	: health insurance
Babinsa	: Village-builder soldier
Baperjakat	: Rank and Position Advisory Bureau
BKN	: Civil Service Agency
BAPPEDA	: Local Development Planning Board
BAPPENAS	: National Development Planning Board
Bawasda	: Regional Auditor
BKKBN	: Board of National Prosperity and Family Planning
BKPM	: Capital Investment Coordinating Board
BPD	: Region Development Bank
BPK	: Supreme Audit Authority
BPKKD	: Local Assets and Finance Management Bureau
BPKP	: Central Government's Internal Auditor
BPJ	: National Land Bureau
BPPD	: Local Land Control Bureau
BPS	: Statistics Centre Bureau
Camat	: head of sub-district
CC	: Citizens' Charter
CDS	: City Development Strategy
DAK	: Special Allocation Fund
Dati	: Level of local government
DAU	: General Allocation Fund
Depdagri	: Ministry of Home Affairs
DIP	: Central Government Deconcentrated Development Expenditure
Dispenda	: Local Income Agency
DPOD	: Regional Autonomy Consultative Board
DPR	: House of Representative
DPRD	: Local House of Representative (Regional Council)
DP3	: Personnel Achievement Assessment list
Gapensi	: Indonesian Construction Businessman Association
GBHN	: National Policy Guidelines
GDP	: Gross Domestic Product
GDS	: Governance and Decentralization Survey
Golkar	: Golongan Karya, a name of political party
HDI	: Human Development Index (Indeks Pembangunan Manusia: IPM)
IFLS	: Indonesian Family Life Survey
IMR	: Infant Mortality Rate
Inpres	: Presidential Instructions (Grant for regional development)
IRDA	: Indonesian Rapid Decentralization Appraisal
JPKM	: Community health insurance
Kadinda	: Indonesian House of Commerce and Industry

Kandep/Kanwil: Deconcentrated Government Offices

Kecamatan	: Sub-District office
Kelurahan	: Village
Kepmen	: Ministerial Decree
Keppres	: Presidential Decree
KIA	: Mother and Children Health
Kimpraswil	: Territorial Infrastructure and Residential Ministry
KKN	: Corruption, Collusion, Nepotism
Kopkamtib	: The security and orderliness command
KPK	: Corruption Fighting Commission
KPPOD	: Regional Autonomy Watch
LAN	: Central Service Training Agency
LPJ	: the accountability report from the regional head
LPND	: Non-Ministrial Government Institution
MAP	: Public Administration Magisterial
Menpan	: Ministry of State Personnel Empowerment
MPR	: Consultative Assembly
Musbangdes	: Village development meeting
NGO	: Non-Governmental Organization
NKRI	: Unified Nation of Republic of Indonesia
NPM	: New Public Management
NTB	: Province of Nusa Tenggara Barat
Opstib	: Order Operation
PA	: Public Administration
PAD	: Regional own revenue
PAN	: National Mandate Party
PDIP	: Indonesian Democratic Party of Struggle
PDRB	: Gross Domestic Regional Product
PDS	: Prosperous Peace Party
Pelita	: National five year development
Pemda	: Regional government
Perda	: Regional regulation
PKB	: National Awakening Party
PKK	: Family Health Program
PKS	: Prosperous Justice Party
PLT	: Task-Executor (temporary official)
PNS	: Civil servant
POLDAS	: Grand Design of Local Development
Polindes	: Village Maternity Posts
Polri	: Police Force
Posyandu	: Integrated health service at sub-village
PP	: Government Regulation
PPP	: United Development Party
Propeda	: Regional development program
Propenas	: National five year development program
PS	: Public sector
PTT	: Temporary employee/contract physician
PU	: Public works

PUPNS	: State's Civil Employee Restructuring
Puskesmas	: Public Health Centre
Rakorbang	: Development coordination meeting
RAPBD	: Regional Annual Budget Proposal
RASK	: Working-Unit Budget Plan
RDTR	: Space Management Detail Plan
Renstrada	: Regional Strategic Plan
Repelita	: National five year development plan
Repetada	: Regional Annual Development Plan
RSUD	: Regional Public Hospital
RT/RW	: Neighbourhood environment
SAB	: Expenditure Analysis Standard
Satgas	: Paramilitary organization
SBY	: Susilo Bambang Yudoyono (President RI)
SDA	: Natural resources
SDO	: Subsidy for regional autonomy
Sekda	: City Manager
SIKD	: Regional Finance Information System
SIMTAP	: One-Services Management Information System
Siskamling	: Neighbourhood security system
SMERU	: a name of an independent institute for research
SK	: Decree Letter
SUSENAS	: National Social and Economics Survey
TAP	: Decisions
THR	: Religious Celebration Day Allowance
UDKP	: Development unit at district level
UGM	: University of Gadjah Mada
UKM	: Small and Medium Enterprises
UNDP	: United Nations Development Program
UPIK	: Complain and Information Service Unit
UPTD	: Local field operation unit
UPTSA	: One-Stop Services Unit
UU	: Law

ABSTRACT

The background of this research is the fall of the New Order Regime which occurred in 1998, followed closely behind by the creation of local autonomy policy. This policy was issued based on Law Number 22/1999 (Local Government) and Law Number 25/1999 (Intergovernmental Finance). Both laws have changed the local public administration from a centralized into a decentralized system and also caused reform in some components such as planning, organization, personnel, and finance. Even though Law Number 22/1999 had been implemented for four years, the reform seemed very tardy. In fact, several regions showed a progress tendency that was the reverse of the expectation. For this reason, the question that will be formulated in this research is “Why was there a different level of performance of local public administration reform after the local autonomy implementation in Indonesia?”

The conceptual framework of this research is outlined as follows: it is presumed that the performance of Local Public Administration Reform is determined by two major independent variables that are interrelated. These are the Central Government Role Variable and the Response of Local Government and its Environment towards the Reform. The Central Government Role consists of two variables Decentralization as an Architecture Reform Variable and the Policy Reform Variable. Both major variables interrelate with some variables at the local level such as the Mayor/Regent’s Role, the Response of Bureaucrats and Politicians to Local Public Administration Reform, and the Response of Civil Society to the Reform.

This research is the qualitative because it tries to observe intensively several unique cases that occurred in the local public administration reform. Data collection was conducted through in-depth interviews and field observations as well as administrative documents, news and some previous research related to local public administration reform. The technique of data analysis in this research is a qualitative analyzing technique. A number of cases in six research districts were analyzed in the Giri the Regency, the Prajan Municipality, the Kulon Regency, the Anom Regency, the Alit Municipality, and the Wetan Regency). This analysis also used data which came from statistics data processing primarily from GDS I (2002) and GDS I+ (2005).

In general, there were some differences in the performance of local public administration reform in the regions studied, whether in the organization, personnel, finance, or planning methods. Some of them were successful and others failed. Here, it was also indicated that there was no specific public administration reform model at the local level (or even at the national level) that was being applied in Indonesia during the local autonomy implementation. This was a combination of the market approach and the modernizing management and participatory approaches as well as a tightening up of budgets and financial management. It then became unclear to what the direction and policy (incremental policy) of the public administration reform was in the regions. However, some local governments succeeded in carrying out some reform components of the public administration reform. If the objective of public administration reform is to create competency and good governance, various strategies that had been carried out so far were relevant to the achievement of this purpose. The strategy basically on one hand improved the quality of the bureaucratic management by altering several tools so that they were more modern, and on the other hand, was in line with the efforts of democracy to welcome public participation in the administration processes. This study

also proves that under the conditions where bureaucracy is considered as the main agent in social change, the local public administration reform performance is determined by the convergence of administrative reform and policy reform (Thesis I).

The success of some regions in performing reform, among other reasons, was caused by their courage in not always depending on the Central Government. It was also indicated that variables which may have had an impact on performing the reform came from the region itself. The main variable was the Mayor/Regent's role. The role in fact became very apparent when, on one hand, the Central Government was unable to create clear policy and certainty in the administrative or substantial policy reform. On the other hand, political actors (the DPRD) did not have the ability to supervise the bureaucracy effectively (Thesis II). Politicians were getting less committed to reform because they were not interested in placing local public administration reform on their political agenda (Thesis III). They seemed to collaborated with the bureaucrats, but this was only artificial because what really occurred was that they exploited each other to maintain their own interests. In this collaboration, the bureaucrats were more cunning than the politicians in avoiding detection which could lead to them being punished (Thesis IV). In addition, civil society's access to the policy related to the public administration reform was limited. Both bureaucracy and the politicians often used civil society, especially the NGOs, pressure each other when the conflict of interest between them worsened (Thesis V). In that happened, the role of the head of the region (Mayor/Regent) was the most dominant role in determining the success of the public administration reform.

CHAPTER I

INTRODUCTION

A. Background and Research Question

For almost the last three decades most governments in the world have attempted to change their administration systems. The progress in public administration practices during the 1980s and 1990s has been the 'golden age' of administrative reform throughout the Western world (Wright: 1994, as quoted by Kickert, 1997:17). Wright (1997: 7) said that the reform of public administration has been placed on the policy agenda of almost every European government—whatever their political complexion—although the timing, pace, extent, nature, reasons and impact vary greatly across European countries.

Some writers (see Osborne and Gaebler, 1992; Kickert, 1997) have argued that the reforms are obviously necessary for financial-economic reasons. The economic recession after the oil crisis of the 1970s resulted in enormous deficits in the public budgets, and the Western welfare state proved to be unaffordable. The need to cut back in the public sector and especially the enormous size of the inevitable retrenchments, formed the major reason for the necessity of drastic reforms in the structure and function of Western governments and administrations. According to Osborne and Gaebler, there are three ways of dealing with deficits: *first*, expenditure can be limited and public tasks can be terminated; *second*, revenue, such as taxes, can be raised; *third*, public tasks can be performed with less money (work better and cost less). The third way logically forces the public sector to move towards public management because it emphasizes an increasing of productivity, greater efficiency, better value for money, and so on. All of these issues are believed to play a central role in thinking about management concepts. Therefore, the golden age of administrative reforms specifically resulted in managerial reforms being a dominant trend in the Western world.

Kickert (1997) argues that these reforms tend to be more or less managerial reforms. The characteristics of these reforms are the adoption of business management techniques, a greater service and client orientation, the introduction of market mechanisms and competition in public administration. Kickert considers these characteristics to be the introduction of ideas, models and techniques of public

management. Even though there are many differences in the nature, size, and approach to reforms, it is concluded that a common agenda has developed. This is ‘a new paradigm for public management that has emerged, aiming at fostering a performance-oriented culture in a less centralized public sector’.

Similar to the administration reform in European countries, in Asia-Pacific regions the objective of the administrative reform was to promote productivity in bureaucratic performance (Guzman & Reforma, 1992). Guzman and Reforma still use the concept of administrative reform rather than management reform, however these concepts are almost the same in practices. Guzman and Reforma wrote that administrative reform in the Asia-Pacific region is divided into three stages:

The early stage of administrative reform in Asian Pacific countries has its ideological roots in the concept of ‘Weberian bureaucracy’-the lawful state. The law governs, and public authorities and public servants act, according to the administrative reform efforts. These efforts are focused on building a complex machinery of rules applied in a multi-layer hierarchy with stable and clear roles in each layer. The development of civil service charters clearly has its origin in the lawful state.

The second stage of administrative reform may be characterized as the democratic stage. In this stage the law becomes a less stable phenomenon, and an instrument of reform. The ever-changing political will of the citizens, as seen and interpreted by the representatives in different decision making bodies, is the norm that regulates the activities of the administration. A great expansion of government services, budgets, payrolls and influence on daily life is a characteristic of this stage.

The third stage reflects a shift to a market-oriented public administration. The demands of the public become more differentiated. It becomes increasingly difficult to meet this differentiated demand by using a simple majority decision—typical of the welfare state. The market-oriented administrative reform efforts do not imply a turn-away from democracy, but the moment every citizen wants his/her particular blend of service, majority decisions regarding policy output become increasingly difficult. If differentiated services are to be accepted as a political goal, public administration must treat the citizen as a consumer--free to choose what he/she can pay for and can pay with taxes, with deflated fees or with production cost derived fees. A market oriented administrative reform effort does not mean that equalization goals have to be

abandoned. Instead new methods have to be used to reach traditional goals of a fairly even distribution of public services (Guzman & Reforma, 1992).

What occurred in countries in the Asia-Pacific region, as mentioned above, is not far from the public administration reform, including bureaucracy reform, in Indonesia. The difference in Indonesia is that it took a very long time to progress through the stages. For example, to achieve the second stage, the democracy stage, the required time was about 50 years since Indonesian independence in year 1945. This time constraint was related to the New Order regime under the leadership of Soeharto who was very authoritarian. This oppressive regime almost never gave full/freedom of speech to the people, particularly the bureaucracy. In the era of the New Order regime, the bureaucracy definitely became the instrument of the ruling government. Bureaucratic reform which was implemented in that time was merely to satisfy the interests of the regime, i.e. through a number of technical changes within the employed system and procedure. Coinciding with the increase of democratic prosecution, attempts to change the bureaucracy were not only made with regards to the technical aspects, but also through opening the bureaucracy to be responsive to the external environment by creating transparency, participation and accountability.

The concept of market orientation for public administration reform in Indonesia is still new. The barrier is that most politicians and public administrators (bureaucrats) understand “market orientation” as being “privatization”, that is, selling ownership of public resources such as state enterprises to the private sector. Right now, privatization is a more political issue than managerial issues, especially at the central government level. At the local government level (Municipality/Regency), local government enterprises are hardly ever sold to the private sector.

Even though reformation of numerous political and economical aspects in Indonesia had been implemented for about five years, this condition has motivated the acceleration of reformation in the public administration. While at the onset, the aim was just to open up the public administration to be more transparent, participatory, and accountable, in practice it has actually been mixed up with market ideas that were carried out through the new public management approach. In other words, the second and third stages of public administration reform, as described above by Guzman & Reforma, have been mixed up to become one stage in the context of Indonesia. The

market ideas which were integrated into public administration reform in Indonesia have stuck together with the pressure of the unfinished economic and political crises since 1997. These crises have decreased the ability of the government to finance the public sector, forcing the government to unite with the private sector in public service delivery. In addition, the strategy of reformation in the public service tries to adopt the private sector approach by placing society as a consumer. While the output of this public administration reform is not yet clear, a variety of dynamics that have occurred in the government bodies itself, civil society and other stakeholders as a result of this reformation is interesting enough to become the topic of this research.

Local Public Administration reform in Indonesia has existed since 1974. It was this year that the Law Number 5, 1974, on Local Government was implemented. At that time, the administration system was centralized under the authoritarian New Order regime. The law regulated the sharing of finances and authority between central and local governments. However, the implementation of this law was practically dominated by a top down perspective, so that the role of the local government tended to be ignored. The local government had to fully follow the central government instructions in policy implementation and its daily management. The resulted in some policies is being ineffective and unsustainable. In other words, the public administration reform was carried out slowly and uncertainly because those policies were not suited to the local areas. The consequence of this was that the bureaucracy tended to get too large and was a burden an the local budget, the capacity of the local government officials was low, the local budget allocation was not transparent, and the system raised economic disparity between rural and urban areas or between the island of Java and non Java island.

After the fall of the New Order regime in 1998, the spirit of change the government system strongly increased. Change in various governance sectors was conducted by the government through regulations. One of the elementary changes in government organization was the implementation of Law Number 22, 1999, on Local Government and Law Number 25, 1999, on Finance Balancing between the Central and Local Governments. These laws have changed the system of local government from a centralized into a decentralized one. The heart of the local autonomy was concentrated in the regency/municipality. The central government remained

responsible for national defense, security, international political relations, justice, religion, and monetary and fiscal policies. Through these authorities, the central government is still allowed to maintain organizational branches in local areas. The Regency/municipality has authority over health, education, public works, the environment, communications, agriculture, industry and trade, capital investment, land, cooperatives, manpower and infrastructure services.

This situation has altered a number of elementary dimensions in the management of local government for example the central–local government relationship, the election of a local head by the Local House of Representative (DPRD), local government (executive) relations with the DPRD, the management of local public finance including the collection of local taxes and levies, the management of local public servants, the development of organization structure of local government, the management of public services, and a number of other systems and procedures of local government management. To strengthen those changes, the central government issued some government rules. Those rules are expected to be able to alter the mindset of all local government officials. These rules, at least, can be categorized as:

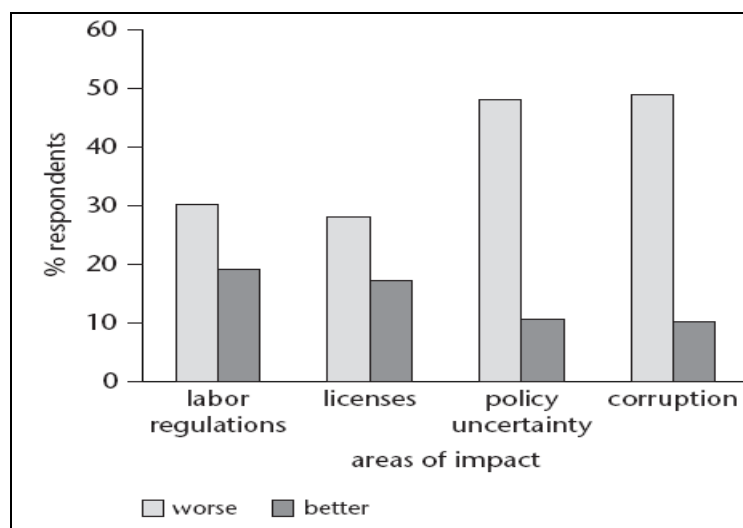
- a) *Planning Methods*: bottom-up planning, public participation;
- b) *Personnel*: transfer of civil servants from central government to local government, developing skills and education, developing personnel management systems (recruitment and positioning);
- c) *Organization*: simplicity of organization a structure (number and size), decrease in number of structural positions (echelon), decrease in number of Deconcentrated Government Offices (*Kanwil* and *Kandep*), transfer of central government assets to local government;
- d) *Finance*: developing system of Performance Budget, General Grant (DAU) system.

Basically, the changes appear as an unsatisfied reaction to the irresponsible attitude of local government in anticipating problems that occur in society at a local, national, and even international level. This problem requires highly accurate and immediate handling by the government. On the other hand, the old system was too centralized. The centralized system has been proven to produce a number of problems

with regards to political and social-economic aspects. For example, interregional social and economic disparity which is progressively mounting, the increase of unsatisfactory reactions in a number of regions which have marginal development, and the failure of local governments in fulfilling the needs of society in their own areas because most decisions are made by the central government. Besides this, the globalization issue, such as free trade area which has spread widely in all areas, needs to be addressed immediately by local governments. If this issue is not addressed, local governments will only become consumers of goods and services from the international market.

Even though Law Number 22, 1999, has been implemented for five years, the reform seems to be very tardy. In fact, several regions show progress that is a reverse of the expected tendency. Data from the World Bank and Asian Development Bank's 2005 Investment Climate and Productivity Study (ICPS), explicitly explains the impact of decentralization on key aspects of governance and the investment climate. Firms perceived decentralization as having a negative impact in four areas: labor regulations, licenses, policy uncertainty, and corruption. Nearly 50 percent felt that policy uncertainty and corruption—two broad indicators of accountability—have worsened, while just under 30 percent of the firms felt that decentralization has made licensing and labor regulations worse. (See Graphic 1.1).

Graphic 1.1: The Negative Impacts of Decentralization,
As cited by Firms in Indonesia



Note: The ICPS was carried out through a survey of 713 firms in 11 provinces and in 10 sub sectors of manufacturing

Source: Investment, Climate and Productivity Study (ADB and World Bank, 2005)

Data from the research, which was carried out through the Governance and Decentralization Survey (GDS), 2002, in 150 regencies/municipalities (53 percent of the regencies/municipalities in Indonesia) from 20 provinces (77 percent of all provinces) in Indonesia, showed unexpected findings in local government management in Indonesia. The findings are believed to be connected to the high amount of collusion and corruption, lack of local budget transparency, and the local government commitment to increase the public service quality.

GDS I, 2002, found that the budgeting process has not been able to show a high enough transparency level. Data from GDS I show in detail the low level of transparency of the Local Budget allocation nationally. There is no a significant difference between regency and municipality, or between West and East Indonesia. It is interesting that almost 30% of the Bureaucratic Apparatus admitted the level of transparency of local budget allocation as being low. Their confession, as they are from the inner circle of bureaucracy, proves that there is something wrong in the budgeting process.

Local government commitment to increase public services especially health and education service seems to also be low. This is indicated by the low percentage of the budget allocated to health service, which is equal to 1.8 percent of the total APBD nationally. For education, the allocated budget is equal to 2.8 percent of the total national APBD. The data shows that the local government's commitment to realizing education and health service management seems progressively far from what is expected.

Even though in most regencies/municipalities the growth of governance reform has not yet shown significant change, in several regions it has expanded quite fast, especially as a response to economic growth. One example of this is the lessening of the number of local regulations which could become an obstacle to the growth. Several regions have had the courage to oppose a number of regulations specified by the central government, for example, regulations about land management authority. Governmental Regulations still places the land management authority with the central government, but several regions claim that this is part of regional authority. As the consequence, these regions have formed special departments to manage this.

Besides reform fail, GDS I 2002 include interesting data that shows successful reform. This was the community assessment of the public service quality before and after local autonomy (sees Table 1.1). Around 52% of the community said that the quality of schools before and after local autonomy is still the same. This is also the case with the Public Health Center (*Puskesmas*) which 53,9% of the community assessed as having no change in the quality of health services before and after local autonomy. Even with regards to the Head of Villages Office, Sub District Offices and Regents/Mayors Office services, approximately 59% of the community assessed them as being the same before and after local autonomy. Interestingly, however, the government's financial crisis did not reduce the quality of some public services. They are still in the same condition as they were after local autonomy implementation.

Table 1.1: Community Assessment of Public Service Quality Before and After Local Autonomy

Type of service	Community assessment on public service quality comparing before and after local autonomy (%)		
	Worse (%)	Same (%)	Better (%)
School (primary, junior and senior high school)	6.6	52.3	41,1
Community Health Center (<i>puskesmas</i>)	3.6	53.9	42.5
Head of Village Office	3.1	57.2	39.7
Sub District Office (<i>kecamatan</i>)	2.0	61.7	36.3
Regents/Mayors Office	3.1	59.9	37.0

Note: N= 9.000 households

Source: Primary Data, GDS 2002

Other innovation in the public service is shown by the number of regions having large education budget allocation. This is allocated for the human resource development in the governmental apparatus and also society through a scholarship program. This change is quite impressive compared to the era of the New Order Regime, which was kept busy by internal business in its own bureaucracy. Another kind of innovation in public services has also been implemented by creating a multi stakeholders' forum whose duty is to make a "Citizens' Charter" that contains a number of agreements between the users, service providers, and other stakeholders in public service delivery. In other regions, there are also those who utilize information technology systems, for instance by constructing local TV station or by making use of the internet, to create transparency and accountability in the public service. Moreover,

the transparency is carried out by employing either local or national newspapers as a media of public debate for local governments to learn of people's aspirations.

There is also an impressive change in public administration reform. The local government has tried to make more participative policies. This has been done by forming a number of inter-stakeholder forums or by letting groups in society conduct initiatives to influence the policy intake in the region. For example, a number of local governments allow society to make a contribution to the formulation of the local budget (*APBD*) by applying the Performance Budgeting model. This budget arrangement obliges transparency in the course of its formulation and its substance is based on functions run by each governmental institution. Change in this budget formulation model is dramatic because the model and process of the budget formulation during the New Order regime was closed to the possibility of proposals from society.

Other dramatic reform in some regions is the reformulation of local government organizational structure, from too hierarchic with number of instances one into the slimmer (flat) structure. This kind of reform is quite dramatic because it deletes a number of official positions in the organization. Previously there were more or less 1.600 types of positions, while after the institution reform there were only about 600 types. This change caused even greater "clicks" to form among local politicians and bureaucrats as a direct result of the decreasing amount of position available.

This is precisely the opposite of those regions which reduced their number of institutions. However, some other regions still kept the same number of institutions, and even set up additional institution after the local autonomy implementation (see Table 1.2). For example, the Minahasa Regency added 14 institutions, Gorontalo 12 institutions etc. Conversely, the Simalungun Regency took drastic action by reducing the number of institutions from 39 to 28.

Table 1.2: The Number of Institutions in Some Districts before and after Local Autonomy

Regency/Municipality	Before the law	After the law	Change
Minahasa	20	34	+14
Bolaang Mongondow	16	25	+9
Gorontalo	13	25	+12
Banjarmasin	25	33	+8
Sanggau	18	25	+7
Magetan	22	26	+4
Kudus	16	16	0
Karo	15	19	+4
Simalungun	39	28	-11

Source: SMERU, 2001

The speed differences in conducting the reform have a consequence, brought different results to various regions. Among the lack of public administration reform in Indonesia, there is a small number of regions that have been innovative in order to fulfill the reformation process. A small number of regions have been fast in conducting reform, but there are still many regions which are left far behind. Therefore, there is almost no difference in the conditions before and after the reform era.

Society expects reform to bring benefits. The GDS I, 2002 data indicated that a lot of societies are pessimistic that the reform will bring the number of changes they hope it will. For example, in the case of public service quality, the GDS I, 2002 data concludes that according to most respondents, there were no significant changes in public service quality after the implementation of Local Autonomy in Indonesia. In other words, the conditions of the public service in Indonesia are the same as the conditions before the implementation of Local Autonomy. Many society members assumed that Local Autonomy would shift certain Corruption, Collusion, and Nepotism (CCN) practices from the central government to the local area. Therefore, local autonomy only benefits the political elite and certain bureaucrats in the region.

The strength of civil society at the local level is also presumed to determine the motivating capacity and the direction of change of public administration reform. Clear evidence has shown in a number of regions that when the civil society had an active involvement in the public service reform process at the local level, there was a

tendency that the local governments would formulate their policies in a more careful manner. They would also make an effort to correct their public service systems in order to be more responsive, transparent and accountable to the public. There was also evidence from GDS I, 2002 that a very strong civil society will not encourage a more meaningful public service reform. Their presence would have actually created a resistance in the local government, either at the legislative or the executive side. The desired process of reformation will then fall into a chaotic state because each party holds opposite positions.

There is a presupposition that the intensity of involvement of the central government, local government and civil society at a local level brings about different consequences with regards to the form of desired local government reformation. For this reason, based on the variety of the data mentioned above, the question that will be put forward in this research is *“Why are there different levels of performance of local public administration reform after the local autonomy implementation in Indonesia?”*

The research question will be elaborated into a number of core questions:

- a) What is the extent of local public administration reform performance after local autonomy implementation?
- b) What causes the success and the failure of the performance of local public administration reform?
- c) Who is the key actor who can influence the success or failure of local public administration reform performance?

B. Research Objectives:

- a) To describe the performance of local public administration reform after the local autonomy implementation.
- b) To describe the correlation between the performance of the local public administration reforms and the factors of the Central Government Role, which consist of the Decentralization Model as an Architecture Reform and the Policy Change, the Role of the Regent/Mayor, the Response of Bureaucrats and Politicians, and the Response of Civil Society
- c) To identify the key factors that determine the performance of local public administration reforms

C. Research Originality and Benefit

These research questions are important issues to study, considering that there was a long, uneasy public administration reform in Indonesia, especially at the local level from 1974 until 2004. Some studies on the process of reform in the public sector show the importance of the agents of change. The agents of change could be from the central and local government level, as well as from inside and outside the organization. Ideally, there is collaboration between the agents from the central and local government levels, either from inside or outside the organization, which will strengthen the quality of change.

Numerous studies on public administration reform in Indonesia have been done, but there are few studies that look at it from the local government level. No study has been done on public administration reform based on Law No. 22/1999 and Law No.25/1999. Those laws, however, have changed the local government system from a centralized into a decentralized system. Now is the first time in the history of Indonesia that the local government has had true administrative autonomy. The assumption of this change is that more autonomy means more creativity, especially when the local government wants to set up the 'software' and 'hardware' of its institutions.

In addition to this, no study has been done to date on public administration reform in Indonesia that views it from the perspective of collaboration between state and civil society. Most studies have merely analyzed it from the state perspective and tended to ignore the non state (civil society) perspective. Meanwhile, it has been realized that non state bodies, especially civil society, are increasingly interested in areas of governance.

This study is expected to put forward a number of valuable theories and concepts, which might explain why this has occurred. It will, therefore be useful, in the future to correct the pace of reformation of the whole public administration. Besides this, the finding of this study could answer the question as to how far the non-state role in public sector reform in Indonesia is. Some people, including academics doubt the non state role in the reformation process because it tends to make the public sector instable and therefore disadvantages the state and people.

D. Thesis Outline

The objective of this study is to explain the causal relationship between the performance of local public administration reform and the variables that may influence the success or failure of that reform. This objective will be explained in the theoretical framework in Chapter II. The theoretical background of this study will be divided into four major parts, two of which will be causality. *The first* part explains the general theories and concepts that are related with the Public Administration. *The second* part explores the concepts of Public Administration Reform as dependent variables that are at the center of this study, including an explanation of the concept of The New Public Management as the most popular recent model of public administration reform. *The third* part provides several theories and concepts to explain and clarify some independent variables, i.e. the Central Government's Role (Decentralization as the Architecture of Reform and Policy Reform), the Mayor/Regent's Role, the Collaboration and Conflict between Bureaucrats and Politicians (DPRD), and the Dynamics of Civil Society towards Bureaucratic Reform that elucidates the dependent variables. *The fourth* part explains several controlling variables: the Size (number) of Local Civil Servants, the Size of Local Government Organizations, the Financial Resources of the Local Government, and the Local Environment (political, economic, and cultural) that will be employed as the control variable. A detailed explanation of this last part is presented in Chapter III.

Chapter IV tries to exemplify the national data of the public administration reform performance at the level of city and regency (dependent variables). The national data, which comes from statistical analysis (GDS), will be compared with the qualitative data from the research regions, in order to find out exactly what happened in those regions. Before this comparison, this analysis will start with the reform strategy from a regional perspective, to describe how each local government defines and formulates their strategies.

Chapter V presents one independent variable which influenced the local public administration reform at that time. The independent variable here is the position of some actors and interaction among them with regards to the public administration reform process. Before explaining in detail what each actors' role is, their position when they influence public administration reform will be generally described. The

independent variable is the central government's role. The local administration structure according to the law will be explained, as well as the background of the decentralization policy, and the way the central government plays its role in this model. Influence towards public administration reform will also be explained.

Chapter VI explains several Independent Variables and will start with one of the main variables at the local level, the Regent/Mayor's role in determining the success of public administration reform during the implementation of UU No. 22/1999. The next variable is the reaction of the bureaucrats (civil servants) and politicians (*DPRD*) to the public administration reform. The last variable that will be discussed is the dynamics of civil society in relation to the problems concerning public administration reform.

Chapter VII sums up the thesis and discusses some policy implications both theoretically, for theory building, and practically to make successful local public administrative reform.

CHAPTER II

THEORETICAL BACKGROUND

The theoretical background of this study will be divided into six major parts, two of which will be causality. *The first part* explains the theories and concepts that are related to the Public Administration. It includes an explanation of the definition of the public administration and bureaucracy. In this part the characteristics and culture of Indonesia's bureaucracy are explained, especially in the context of the New Order Regime. The researcher's position towards the theories and concepts used will also be put forward (in this part). *The second part* explores the concepts of Public Administration Reform as the dependent variable that forms the center of this study. Also included is an explanation of the concept of the New Public Management (NPM) as the most popular recent model of public administration reform. The models of NPM will then be described, as well as an explanation as to what kind model is suitable for analyzing Indonesia's public administration reform. Finally, this part identifies some components of public administration reform as well as indicators of the public administration reform performance. *The third part* provides several theories and concepts to explain and clarify some independent variables such as the Central Government Role (Decentralization as the Architecture of Reform and Policy Reform), the Mayor/Regent's Role, the Collaboration and Conflict between Bureaucrats and Politicians (*DPRD*), and the Dynamics of Civil Society to Bureaucratic Reform that elucidates the dependent variables. *The fourth part* explains several controlling variables: the Size of Local Civil Servants, the Size (number) of Local Government Organizations, the Financial Resources of the Local Governments, and the Local Environment (political, economic, and cultural) that will be employed as the control variable. *The fifth part* is a summary in the form of a conceptual framework. This part also presents five theses that will be verified in this research. Finally, *the sixth part* describes the research method that is applied in this study.

A. PUBLIC ADMINISTRATION

1. Understanding of Public Administration

The history of public administration as an academic field is needed when we want to know in depth what a public administration is. Henry (1989) has characterized each phase of history using locus or focus (paradigm). Locus is the institutional “where” of the field and focus is the specialized “what” of the field. In short, the first paradigm is the dichotomy of politics and administration (1900-1926). The emphasis of this paradigm was on the locus of public administration that should center on the government’s bureaucracy. The second paradigm was the principles of the administration (1927-1937) which had an emphasis on focus—its essential expertise in the form of administrative principles such as Planning, Organizing, Staffing, Directing, Coordinating, Reporting, Budgeting (POSDCoRB) by Gullick and Urwick. The third paradigm is public administration as a political science (1950-1970). This paradigm renewed the definition of the locus—the governmental bureaucracy because it leaped back into the mother discipline of political science. This resulted in a corresponding loss of focus. The fourth paradigm is public administration as management (1956-1970). The management provides a focus but not a locus. This change is partly because of public administration was put in a second-class citizenship in a number of political science departments. After this, some public *administrationists* began searching for an alternative management field in which to operate. The fifth paradigm is public administration as public administration (1970-?). In this paradigm, public administration is increasingly recognized as a separate, “self-aware”, field of study, although there is not yet a focus for the field in the form of a “pure science of administration”. There has been, perhaps, less movement toward delineating a locus for the field. Nevertheless, public administration emphasizes such areas as state and local government, executive management, administrative ethics and all those questions that seek to explain what “the public interest” is in a techno-bureaucratic “Big Democracy” (Henry, 1989:45).

Public administration is the academic field of study of the making and execution of decisions in public institutions. The making and execution of decisions is in terms of the public interest that comes from different groups in a plural society. This

means that various public activities occur and be financed by the government budget. Therefore, administration and politics can not be separated.

According to this understanding, the concept of public administration emphasizes the locus that is the public institution as an organizer to determine and execute of public interest which are part of the public sector¹. Then, the public interests determined and executed by the public administration are financed by the government budget. In practice, making or implementing of policies by the public administration is executed by the public bureaucracy. Therefore, the concept of public administration is closely related in meaning with the concept of public bureaucracy. Some public administration experts do not differentiate between the concepts of administration and bureaucracy because bureaucracy has administrative value and also runs it in practice. Similarly, Farazmand (1997:12) said that bureaucracy is often used as a synonym for public administration, including both the function of implementing government policies and the organizations responsible for these activities. In the Indonesian political system, the role of the public administration as a policy implementer and policy maker has no clear boundaries, and hence dominates the Indonesian governmental system.

2. Public Administration as a Bureaucracy (a positive and negative vision)

To further understand what bureaucracy means, an explanation on the position of bureaucracy in the government (public administration) is first needed. Government organizations are here defined as “*formal administrative structures established by the Law or public laws, headed by officials elected by citizens or appointed by elected officials and/or principally financed by taxation or owned by the state*” (Rose, 1984:13). The definition of ‘government’ used by Rose is actually slightly similar to the definition of ‘bureaucracy’. This is so because the definition is used to clarify the importance of the Law as a foundation that forms the formal administrative structure of the bureaucratic organization, the existence of the career rank (appointed) and political rank (elected) systems, and the financing received from taxes. Nonetheless, it

¹ For a political scientist, the concept of the public sector includes both what kind of activities public institutions carry out and how decisions are made and implemented by these institutions. According to Lane, the public sector is fundamentally a set of institutions that coordinate the interests of different groups that ask in various ways for public activities of different kinds.

needs to be explained that a bureaucracy is a government tool used to implement the policy that is mandated by the Law.

Theoretically, a bureaucracy is a form of organization. Its meaning is related to its base word, Bureau. According to Chester L Barnard, an organization is a system of consciously coordinated activities or forces of two or more persons explicitly created to achieve a specific end. Based on this kind of understanding, Down (1967) then defines a Bureaucracy as having a similar concept to a Bureau, which refers to an institution or specific institutional level. Furthermore, in his second definition on bureaucracy, Down states that a bureaucracy is a certain method used to allocate resources in an organization on a large scale. The third definition of bureaucracy is the *bureauness* or quality that distinguishes bureaus from other types of organizations.

The last definition is related to the quality of the bureaucratic product. It is also important to highlight the word “public” in the definition of bureaucracy to differentiate it from the private sector. Based on this public concept, the existence of a bureaucracy is acknowledged by the law that is produced through political decision. The life of bureaucracy is also guaranteed by political decision.

It is very often the case that there is a significant difference between the normative bureaucratic theory and what actually happens in practice. To help understand this disparity, several experts propose ways of seeing a bureaucracy (vision). One way is proposed by Jenkins and Page (2004) in the introduction of their book, which shows two extreme perspectives on bureaucracy:

“The first is a vision of bureaucracy as a major foundation of modern civilization. It brings harmony, justice and progress. The second vision sees bureaucracy as the enemy of civilization”

In other words, the first vision tends to view bureaucracy positively, while the second vision, on the contrary, views in negatively.

In the first vision, which is often associated with the term “*guardian class*” from Plato’s Republic model, a bureaucracy has the positive function of managing a fair State and providing ethical foundations to manage the relationship between the State and its society. It is worth noting that an effort to understand this vision is found in the bureaucracy models proposed by Weber and Hegel. In the development of the history of bureaucracy, Weber and Hegel’s model of bureaucracy are considered as

the foundation for the development of modern bureaucracy, though there are many who consider their bureaucratic model as being an ideal model that is difficult to implement in real life. Some even feel that Weber's bureaucracy model would only succeed in guiding the industrialization process in Europe in the Middle Age.

Weber proposed his bureaucracy model argument based on the rationalism of political leadership in the bureaucratic system. The two central features of Weber's concept of bureaucracy, identified by Martin Albrow (Jackson 2004), are that the individual bureaucrat has duties to perform, and that the resources employed in the performance of those duties are not the property of the official. Weber explored bureaucratic criteria in detail. The criteria are impersonal authority structure, hierarchy of offices in a career system of specified spheres of competence, free selection based on achievements in accordance with clear rules, discipline and control in the conduct of office (Lane, 1987:4). Other criteria added by Jackson (2004:12) are salary paid, office main occupation, office not owned, centralization, personal freedom of incumbent, contractual appointment, and duties specified

On the basis of the ideal typical characteristics of bureaucratic rule, Jackson identifies the danger that a government may become dominated by bureaucrats and a bureaucratic ethos. While Jackson is not as fatalistic about this as is often alleged, the nature of the ideal type of bureaucracy contains this tendency (Page, 1987:232). Though the model is considered as ideal, Weber's bureaucracy model is at the very least, able to show the implications of the characteristics toward the convergence between bureaucrats and politicians, especially in decision making that is related to public interest. This can be seen, for example, in how politicians try to interfere with the decision making process through various appointed officials based on a certain hierarchy. Another example is in the fact that strategic positions within the bureaucracy are filled by bureaucrats that are closely related to politicians regardless of competency. On the other hand, bureaucrats in certain positions are able to cunningly perform their roles and trick politicians that are not very smart into responding to certain policies.

The internal situation of the bureaucracy itself is interesting to study using Weber's characteristics, for example how certain intrigues are created by high officials to drive out the elected officials who lead the bureaucracy. Another

interesting example is how merit recruitment is often ignored because certain cultural values are more concerned with seniority promotion. The “adherence to the rules” of Weber’s basic model has changed its function from a mere tool to become the purpose itself. The most apparent effect is felt when a bureaucracy has to provide public services, since there is much red tape which in the end tempts the public service management to implement rules in such a way that they themselves benefit. Many forms of bribery are examples of this.

In his analysis, Weber states that cohesiveness between the bureaucratic elite has created official domination. When organizational sectoring and differentiation are carried out/implemented, it is difficult to control these sectors, although this prevents elite domination. Weber gives an example that occurred in Russia and Germany Emporium that demonstrated that a bureaucracy is able to limit political leadership by creating differentiation (Page, 1987:234).

Another ideal model is the Hegel’s bureaucracy model. Although he did not use the term “bureaucracy”, his writing on the theory of state politics has indirectly placed the bureaucracy in an important position in the relationship between state politics and society. His work has made an important contribution in showing how bureaucratic values are supposed to be applied in political relationship. Jackson (2004:3) argues that Hegel’s theory of bureaucracy has a normative dimension. In other words, Hegel is one of the people who made foundations for bureaucratic ethics, encompassing how positive a bureaucracy should positively function in the state management politics.

An important point in the theory of bureaucracy role proposed by Hegel is the existence of general interest (universal class) and special interest (civil society). In order to perform this normative role, a bureaucracy is supposed to be neutral. It should be able to act as an intermediary between general interest and special interest. Hegel frequently called the executive (government) the universal class, indicating that the prime duty of the government lies in the universal interest of the polity. The purpose of the bureaucratic executive is to apply the universal concepts of the rational state to particular cases. Specifically, the governing bureaucracy must see the universal interest involved in particular problems and then act on behalf of the universal (Jackson, 2004:10).

There are similarities and differences between the bureaucracy models developed by Weber and Hegel. The following table (2.1) will compare these two models based on the bureaucracy characteristics that they have used so far:

Table 2.1: The Criteria of Bureaucracy

No	The Criteria of Bureaucracy	Weber	Hegel
1	Hierarchy of offices	Yes	Yes
2	Merit recruitment	Yes	Yes
3	Salary paid	Yes	Yes
4	Office main occupation	Yes	Yes
5	Office not owned	Yes	Yes
6	Centralization	Yes	Yes
7	Personal freedom of incumbent	Yes	Yes
8	Duties specified	Yes	No
9	Seniority promotion	Yes	No
10	Contractual appointment	Yes	No

Source: quoted from Jackson, 2004:12

The two last points, where both have differing visions, are interesting. Weber agrees with promoting employees based on seniority, while Hegel does not give his opinion on this matter. This difference is probably caused by the different underlying assumptions in their theories. Weber bases his assumptions on the rational that bureaucratic organization is a machine which, in its operation relies on an order and value that have been approved collectively. Hegel, however, realizes that the State's political life, including bureaucracy as its supporting system, enables a political bias to occur in staff promotions, which would affect the quality of the bureaucracy.

More importantly, Hegel did not limit public services to the terms specified in a contract. He did of course, stress that the performance of duties is to be assigned to individuals, but the assigned duties do not exhaust the obligations of the civil servant. The obligations of civil servants are not only functional but also moral. It is Hegel's universal class that perceives and applies the universal interests, and not the monarch or parliament. In contrast, Weber apportioned no such moral responsibility to the bureaucracy (Jackson, 2004:12-13).

Weber's attitude is based on the theoretical assumption, that politics should be detached from the administration. An administration or bureaucracy is a mechanical body that implements political decisions. Thus, moral responsibility is held by those that make the decisions, and not those that implement them. This politics-

administration dichotomy has in some ways neglected the bureaucracy's characteristics. A bureaucracy is described as a creature that has its own interests, this being one of the weaknesses of Weber's bureaucracy characteristics. Nonetheless, Mommsen (Jackson, 2004) explains that Weber feared, bureaucracy has a way of exceeding its writ. To overcome this problem, Hegel argued that control must come from within the bureaucracy and ultimately from within each bureaucrat.

The second vision is the pathologic bureaucracy vision that views bureaucracy negatively. Harold Laski (Hill, 1992:2) once put forward a negative view on bureaucratic authority.

"Bureaucracy is the term usually applied to a system of government the control of which is so completely in the hands of officials that their power jeopardizes the liberties of ordinary citizens"

Laski seems to fully realize that a bureaucracy has a large amount of political power which might threaten the bureaucracy with its practices. This political factor contained within a bureaucracy is used by Hill to differentiate a bureaucracy from the concept of "administration" which, in his opinion, has a relatively neutral value (Hill, 1992:3:3). Hill apparently uses an institutional approach to differentiate between bureaucratic and administrative concepts. However, if a bureaucracy is seen as a system, the processes that it performs are also administrative processes. In other words, an administration cannot actually be detached from politics. The difference in the two occurs when a bureaucracy is seen institutionally as a public or private organization. In this matter, it is obvious that a public bureaucracy cannot be separated from the political values where that bureaucracy exists. When relative political systems do not support democracy, it is almost certain that the values and practices of the bureaucracy are also in opposition to the democracy.

Lane (1987) gives another opinion by classifying some negative views on bureaucracy that are proposed by the experts: a) Bureaucracy as rationality; b) Bureaucracy as rigidity; c) Bureaucracy as '*Beamtenherrschaft*'; d) Bureaucracy as chaos; e) Bureaucracy as oversupply; f) Bureaucracy as size maximization; g) Bureaucracy as uncontrolled; h) Bureaucracy as private choice; i) Bureaucracy as waste. Each of these will not be discussed, only quoted generally as required for this

dissertation. Even though they are negative views, Lane admitted that not all of them could describe the reality of bureaucracy.

Rationality is often understood as being efficiency, which means that a bureaucracy would be efficient if it performed rationally. The basic idea that results in this kind of understanding comes from impersonal relationship criteria that occur in the office (Lane, 1987: 5). The assumption is that if those that worked in an office dedicated themselves entirely to the office work, this would then create efficiency (the ethic of *Beruf*). However, it is not that simple in practice, because bureaucrats are also motivated to pursue their own interests. The unclear distinction between means and end in bureaucratic works is often questioned. Lane (1987:6) in his writing states that:

“From the beginning the bureau was a means to promote external social ends, but as a result of organizational inertia the interest of the bureau itself tends to replace the basic function to promote external goals. The bureau itself becomes the end for which it operates”.

Bureaucratic stiffness often becomes pathologic since public services that are supposed to be the main task of the bureaucracy are neglected, and bureaucrats focus more on the formal procedures that have been determined. There are many public services matters that require flexibility and speed of action. However, the obligations of the bureaucrats to follow the rules forces the customer to waste time, energy, and even a considerable amount of money to receive services from the bureaucracy. Fairchild (Lane, 1987) states his opinion as follows:

“Bureaucratism is usually characterized by adherence to routine, more or less inflexible rules, red tape, procrastination, unwillingness to assume responsibility and refusal to experiment”.

The term “*bureaucraticism*” as proposed by Fairchild above refers to bureaucratic behavior patterns of authorities that intentionally or unintentionally neglect the societies that they are supposed to be serving. Instead of being a servant, in the context of *bureaucraticism*, a bureaucracy demands the service of the society. This kind of progress is certainly unhealthy in regards to the effort to develop democracy, because the bureaucracy has acted beyond the ethical boundaries of Hegel’s neutral bureaucracy concept. A powerful bureaucracy is indeed needed in order to support

democratic improvement. However, it is important to note that this power is supposed to be used to serve and not suppress the society.

A bureaucracy that has the tendency to rule is also known as a '*Beamtenherrschaft*'. Max Weber has previously reminded us about the dangers of the drive of a bureaucracy to become its own master. Peters (1987:257) states:

"On the one hand, we are recognizing quite explicitly that administration is not merely the execution of policies decided upon by political officials. Indeed, administration officials are deeply involved in policy-making and fight for their own positions and for their own conceptions of 'good policies'. But, on the other hand, although they are both engaged in policy making, political and administrative leaders play very different roles in the policy process."

Administrator intervention in policy-making matters is due to the functional skill and experience advantages that the administrators have compared to the politicians. Based on this, Peters once again reminds us that conflict between politicians and bureaucrats is very likely to occur in today's modern bureaucracy. The power of information and technology is often able to defeat political power and in the end it is the bureaucracy that rules.

Bureaucracies also have a tendency to maximize budgets (Bureaucracy as oversupply) that are allocated for institutions and activities. William Niskanen (1971) states: "the hypothesis that bureaucrats maximize their budgets is intended as a fundamental characterization of bureaucratic behaviour" (Lane, 1987:13).

This behavior is most apparent in a yearly budget composition. Every government institution competes to raise budget allocation for its office and projects. Sometimes, the amount raised reaches a hundred percent over the real allocation needs. Unfortunately, almost all government offices do not compose their budgets based on the needs of the main duties and functions, but on the intuition and political interest of the elite bureaucrats. It is very often the case that budget composition of an institution is the result of a conspiracy between bureaucratic elites and political elites.

Bureaucracies only try to increase their budget supply, but also try to continuously increase their size. Lane (1987:16) quotes the definitions of bureaucracy in the Webster's Dictionary. Two of them point to the understanding of a large organization:

“Bureaucracy: (1a) the whole body of non-elective government officials. (b) the administrative policy-making group in any large organization”.

In many cases, efforts to increase the size of the organization are carried out by increasing the number of units development in the organization and spreading them over a number of districts. Consequently, this will increase the need for employees to operate each unit with each various function.

The next characteristic of a modern bureaucracy proposed by Lane is its tendency to centralize its power. This can be seen in the hierarchic arrangement of several organizations that have central headquarters or an inherent autonomy of an internal institution. Gordon Tullock (Lane, 1987:18) stated that bureau autonomy is a special characteristic of modern bureaucratic behavior and the outcomes for this kind of ‘bureaucratic free enterprise’ are usually inefficiency, irresponsibility, and waste. An extensive centralization with autonomy might encourage the creation of an uncontrolled bureaucracy. A bureaucracy can possibly become uncontrolled if the discretion of the bureaucracy officials is too large, or the officials possess informational and functional skills so that the bureaucracy holds more power than the politicians.

A bureaucracy, as a public institution that has a mandate to fulfill public needs, cannot in practice be separated from the behavior of its personnel who have private interests (Bureaucracy as private choice). These private interests, such as prestige, power, income, security, and so on, often take priority over public interests so that they disturb the performance of the bureaucracy. This kind of behavior is very apparent when the local culture still holds bureaucratic officials in a high social status. This can be made even worse if the private sector has not been able to employ a work force, so that public organizations become a favorite place to find employment. The following section is a short preview of bureaucratic characteristics (public administration) in Indonesia, especially during the New Order Regime, that are acknowledged as a main contributors in the bureaucracy building to the present day.

3. The Characteristics and the Culture of Indonesia New Order Bureaucracy

Indonesia essentially tries to adopt the ideal bureaucracy characteristics demonstrated by Max Weber. Nevertheless, it is very difficult to fully adopt the ideal bureaucracy, and there are some characteristics that have deviated from the ideal

bureaucracy. The example is the inability of the officials to separate public and private role and ownership, which often result in the abuse of power, for example corruption and collusion. In addition, expertise creation as a direct result of specialization seldom happens because of the inappropriate recruitment patterns and human resource development.

The failure to apply Max Weber's ideal bureaucracy model in Indonesia has caused the development model to attain a pathologic characteristic². Based on the model used by Fatah (1998), with several adaptations, three bureaucracy models can be used to describe the development of Indonesian bureaucracy (see Table 2.2):

Table 2.2: The achievement level of the bureaucracy model in Indonesia during 1949-1997

Model	Objectives	Periods		
		1949-1959	1959-1967	1967-1997
Parkinson	Proliferation of structure and bureaucracy personnel	low	low	High
Orwell	Bureaucracy as a state political instrument and political controlling device	average	average	High
Jackson	Authority accumulation through the bureaucracy and public alienation of the decision making	low	average	High
		average	high	High

Source: Adapted from Fatah (1998)

The above table shows that Parkinson's model developed most under the New Order regime. The reason is simple: the regime needed a bureaucracy as a device to maintain its authority. To be able to do so, the bureaucracy was developed through widening the organizational structure and strengthening the hierarchy by creating as many organization units as possible. The bureaucracy then recruited as many personnel as possible to be placed inside the newly created units. This problem was not found under the Old Order regime, for at that time the regime was busy keeping the state unified in the face of the threats of many rebellions. The next model, the Orwell model, was applicable to both regimes, especially the New Order regime. In the New Order period, besides the military and *Golongan Karya*, the bureaucracy was one of the effective authority devices that was used to recruit people who supported the ruling

² Pathologic in this case means a form of deviations from Max Weber's ideal bureaucracy characteristics that tends to serve the state authority and ignore the public's interests.

government, and at the same time was used to control the people³. The next model, the Jackson model, shows several similarities with the Orwell model. The main difference between the two models lies in Jackson's identification of the ability of the bureaucracy to alienate the public from the decision making process. In other words, the bureaucracy becomes an organization that is immune to the public's demands and needs. The last two models demonstrate that a bureaucracy cannot be detached from the political system which it supports.

Other models used to analyze the development of the bureaucracy in Indonesia are using the cultural and structural approaches. The cultural approach sees the bureaucracy in Indonesia as a patrimonial one, because the structure of bureaucratic ranks and activity are deeply influenced by a patron-client relationship (Hadna, 1998). This pattern has actually been transferred from the pre-colonial period, and strengthened under colonialism through its feudalist concepts. The similarity of the Indonesian bureaucracy with the colonial bureaucratic pattern is found by Ruth T Mc. Vey (1982). This colonial form of bureaucracy is called *Beambtenstaat*. It was known of in the 1930's, when the Dutch colonial administration emphasized the principles of modernity, efficiency, and development governance. In those times, the bureaucratic power was enormous. Kuntowijoyo (1994) concurs with this, and says that the bureaucratic culture and the phenomenon of *bureaucraticism* have positioned the government and its officials to become more authoritative in the structure of people's life.

Another cultural analysis is the Bureaucratic Capitalism model by Richard Robinson (1986) as quoted by Evers and Schiel (1992), which Kunio Yoshihara (1998) considered as being Ersatz Capitalism. Bureaucratic Capitalism occurs when there is no distinction between public and private interests. In order to increase its capitalistic characteristics, according to Evers and Schiel (1992), a bureaucracy uses a combination of bureaucratic ranking and personal economic activities, and indirectly uses some people inside the organization as its puppets. In Robinson's view, it is not

³ In the New Order period, there was an abbreviation that was very famous, ABG. It was an abbreviation from ABRI (the military), *Golongan Karya* (the political party), and Bureaucracy. The ABG way was a favorite route for anyone or any group that wanted to enter the circle of authority. These three organizations became an effective means for the New Order to build its power. This is proven by the extensive period of the New Order regime authority, which lasted for more than 32 years (1966-1998).

only the military officers and civil officials, but also their family members, who build corporations or own shares.

Both Robinson and Yoshihara agree that several powerful countries are deeply involved in the capitalism in third world countries. There has been strong cooperation between the businessman and the ruler. The success of a businessperson in a third world capitalist country is not determined by his/her ability to compete in the free market, but by his/her level of intimacy with highly ranking officials and privileges owned (Budiman, 1996). Many businesspersons try to pursue the gain that is created by the government through the privileges giving. The privilege, based on the main argument of Patrimonial model, is a means to distribute the financial benefits to the elite members so that the authority possessed could still be owned.

Another cultural analysis that is very controversial was proposed by Karl D. Jackson (1978). He suggested relating the Indonesian political culture with the domination of the Javanese culture⁴. His opinion is as follows:

“Variabel-variabel kultural termasuk konsep-konsep kebudayaan Jawa tentang diri pribadi, perilaku sosial yang ideal, patronase, dan kekuasaan mempengaruhi politik Indonesia modern pada saat ini”
(Cultural variables including Javanese cultural concepts about one's self, ideal social behavior, patronage and power influence contemporary Indonesian politics)

In Javanese culture, authority is taken as being the freedom to perform changes in the wider society that in practice need trained personnel authority in certain fields to perform. According to this belief, there will always be a chance for someone to have authority, so one does not always have to hold the power in making formal decisions. To retain the chance, the authority should be concentrated in one place rather than spread over different areas.

Jackson also infers that the number of people with authority in Javanese culture is always even and static. This viewpoint gives the idea that removing or relocating the authority a political actor is the only way to increase the authority of a political figure. The concept of limited people with authority is, in part, able to explain why the elite rulers are reluctant to mobilize their own voters through a single or multiple party

⁴ The Javanese ethnic group is the largest ethnic group in Indonesia in terms of number and influence over political and administrative systems. Of the five former presidents of Indonesia, only one was not Javanese. This was Habibie, who is from South Sulawesi.

system. The reason for this is that authority is inherited by the macro cosmos by ruler and cannot be expanded by public participation. Meanwhile, the reason that a portion of the ruler's authority is given to other political actors is to maintain loyalty and respect. Thus, in the Javanese tradition, the concept of increasing the authority through increasing public participation is not familiar (Jackson, 1978).

Jackson's bureaucracy model that is a representation of the political system, is included in a model called the Bureaucracy Polity. This model assumes that the highest level of civil and military bureaucracy groups monopolize the political power and participation. Politics only runs in the small group of key-decision makers that is only concerned, though not exclusively, with the values and the interests of a small group of urban elite. As its name suggests the model tends to create internal rivalry inside the bureaucracy rather than to respond to the movements of the people that are moved by ideology, class, or other primordial sentiments. Most of the critics of the Bureaucratic Polity are followers of structuralism. They disagree that the Javanese culture variable influences the Indonesian bureaucracy. The Javanese culture variable cannot explain some phenomena that according to the structuralism view, also happens in other places in the world. Examples of these phenomena are the tendency of a bureaucracy to be very hierarchic and not transparent, the tendency to prefer stability rather than conflict, and the inadequateness of the official's work ethic.

Differing from cultural analysis, structural analysis is based on an external variable, the involvement of a country in the international market. The structural approach believes that there is a bond between the forms of the third world bureaucracy and the economic relationship patterns. In addition, Budiman (1996) indicated that several social factors—the combination and participation of existing social power in a society—are influencing the formation of a certain political regime. The interaction between the economic and the social variables will develop a structural perspective that is useful to analyze the Indonesian bureaucracy.

One of the structural models that is famous is the Bureaucratic Authoritarian Regime developed by Dwight Y. King (1982). According to King, as quoted by Tjokrowinoto (1996), the model postulates a political domination, which is distinct, modern, and relatively stable, that occurs in the historical and political configuration framework. The domination has the ability to defend its authority and to eliminate the

instability that emerges in the modernization process as a result of its own structure and process. The Bureaucratic Authoritarian Regime model nurtures a pluralistic legitimate foundation that is an estimated combination of different characteristics such as traditional principles, charisma, legality, rational-substantive, and technique efficiency.

As stated by Tjokrowinoto (1996), the traditional and charismatic characteristics of the model can be seen in the relationship between the state and the society, that appears as a patron-client relationship. The society, based on the model, is divided into two levels, the elite and the masses. The elite is a group of people that is considered to have the ability to support the capital accumulating effort. The group is also considered to have the opportunity, given by the state, to influence the making of public policy. In contrast, the masses are considered to be a group of people that have the potential to disturb the planned social-change process, and should therefore be demobilized. This effort requires the military to play a dominant role. Therefore, it is not surprising that the military has a great amount of influence over every decision and move made by the bureaucracy. Besides the military, another involved party is the technocrat. Etzioni-Halevy (1985) states that, in a country, administrative and economic technocrats have a great amount of influence over the political system.

Most of critics tossed by the structuralism approach are ideological. They accuse the approach of containing communist-socialist ideological interests. Moreover, it is difficult to see the real picture of a state's dependency as outlined in the dependency theory proposed by this approach. The reason for this is that globalization is filled with interrelations and interdependency between countries, including developed countries.

This dissertation balances the two major approaches to analyze the bureaucracy in Indonesia. A characteristic of the Indonesian bureaucracy is the acculturation of a patron-client political culture and an ambivalent economic system—a welfare state and pure capitalism. The patron-client political culture at the level of the organization, appears not only in the relationship between the state and the people, but also in the relationship between the center and the region. The center protects the region, and it is an obligation for the region to implement the center's decisions (centralized). This kind of relational pattern means that the bureaucracy tends to wait for the policy of the

center and depends completely on the formal systems and procedures determined by the center. This pattern at the organizational level is strengthened at the personal level. At the personal level, the bureaucracy often places the superior official as someone who needs to be served more than the community. The mechanism authority of that is constructed by the superiors for the subordinates are legally formal, for it is legitimated in several formal rules. An example is the evaluation of the personnel's working performance using the Personnel's Achievement Evaluation List. The evaluation is performed directly by the superior without any distinct basic indicators.

The characteristics of pure capitalism mixed with a welfare state also generates the indistinct policy made by the bureaucracy—to serve the public interests or fulfill the social obligations mandated by the Law. This is clearly seen in the public service that is provided by the government bureaucracy. The bureaucracy only provides a weak qualified service. In the health sector, for example, the service is still provided using a traditional administrative approach. There is a low level of professionalism and limited technology used. Because of the fast development of the health technology and the slow response of the management, there are many complaints directed to the public service institution that provides health services. The indistinctness is more apparent in the management of the State and Region Enterprise sector. As a corporation, despite the fact that it is owned by the government and has a social function, the State and Region Enterprise is supposed to have a spirit of entrepreneurship, just as the private sector management models have.

Thus, the main characteristic of the bureaucracy in the New Order era was the intense penetration of the governmental bureaucracy, as a representation of the state's existence, into people's lives. The governmental bureaucracy, in doing its duty, was fully supported by the military bureaucratic network⁵. Besides this, the bureaucracy under the New Order regime created a state corporatism strategy, which was to support the government's penetration into society, in order to fully control it. These characteristics have not yet changed, although some public administrative reform policies have been implemented.

⁵ To this day, the military still preserve the concept of territory defense that is manifested in the presence of the military in every level of civil government administrative territory. Because of this, the military have a bureaucratic hierarchy that works parallel with the hierarchy of the civil government bureaucracy, from the central level where this presence is in the form of the Security and Orderliness Command (Kopkamtib—*Komando Keamanan dan Ketertiban*) to the residential level with the Military District Command (Koramil—*Komando Rayon Militer*), at the village level there are the Village-Building Soldiers (Babinsa—*Bintara Pembina Desa*).

4. Conclusion

According to the comparative explanation above, between the positive vision (the ideal type of bureaucracy) and the negative vision (pathological bureaucracy), we can conclude that the ideal type of bureaucracy is difficult to implement in real life. It is very often the case that there is a significant difference between the normative bureaucratic theory and what actually happens in practice. Most of the governments' bureaucratic practices in the world are pathological bureaucracy because, as a result of organizational inertia, the interests of the bureau itself tend to replace the basic function, which is to promote external goals. The bureau itself becomes the end for which it operates. Indonesian's bureaucracy is one example of pathological bureaucracy. Structurally, this condition is a result of the New Order political system that placed the bureaucracy as more of a political instrument of the ruling power than a public service instrument⁶. Culturally, this condition was mostly caused by the feudalistic-paternalistic culture that is rooted in the history of the Indonesian bureaucracy. In this case, the bureaucracy plays a strategic political role as the regulator, policy formulator, policy executor, while at the same time evaluating the policies that itself were had formulated and executed. For these reasons it can be seen that public administration reform can not be easily implemented, because it is always challenged by bureaucrats, politicians, and others who misuse the bureaucracy their interest. However, it is necessary to reform the public administration, especially at a local level, in order to support the implementation of local autonomy.

B. DEPENDENT VARIABLE: PUBLIC ADMINISTRATION REFORM PERFORMANCE

1. Public Administration Reform

a. Definition

Many concepts and models to reform the public administration were proposed by some public administration scholars. The following are the definitions of Administrative Reform by some experts, quoted by Guzman & Reforma (1992:3):

Administrative reform has been described as an artificial inducement of administrative transformation against resistance (Caiden,1969); an effort to apply new ideas and combination of ideas to improving the system for

⁶ Agus Dwiyanto, et. al., *op cit.*, p. 98, 100

positive goals of national developments (Lee and Samonte, 1970); a deliberate use of authority and influence to apply new measures to an administrative system so as to change its goals, structure or procedures with a view to improving it for developmental purposes (UN DTCD, 1983); the changes or innovations which are deliberately conceived and adopted to make the administrative system a more effective agent for social change; a better instrument to bring about political equality, social justice and economic growth—all essential in the process of accelerated nation building and development (Samonte, 1970); those efforts which call for or lead to major changes in the bureaucratic system of a country intended to transform the existing and established practices, behaviours and structures within it (Khan, 1981:7); a deliberate process to change both the structures and procedures of the public bureaucracy and the attitudes and behaviour of the public bureaucrats involved in order to promote organizational effectiveness and attain national development goals (Quah, 1976:58).

In their conclusion, Guzman & Reforma (1992:3) state that administrative reform is always synonymous with the words change, innovation, systemic and wide ranging changes and such changes must be brought about in a deliberate and planned manner.

The development in the Public Administration study shows that the traditional model in this study receives much criticism from the Public Administration expert since its focus is oriented more on the internal matter of its own public organization. For decades, study of Public Administration has been more interested in the effort of improving the organization through organizational structure development, system and management procedures development through the creation of working operational technical manuals, personnel resource management development, the provision of a budget model and budget, the provision of working infrastructure and tools, and so on. The public organization orientation to fulfill its own internal needs is normal. However, when this orientation is over-abundant, the genuine function of the public organization, which is to provide services to society or to carry out the development task as a whole, will be neglected.

As the result of the over-abundant orientation of a public organization to fulfill its own needs, it tends to become more involved in boring routine tasks. The routine is created by management that has a short term perspective. Short term considerations cause the public administration to be often unable to anticipate changes that occur rapidly in its environment. Meanwhile, different types of environmental variable mix into one, and their limits are often difficult to identify. It is very likely that things that

happen in the political sector will affect the economic sector. Society's social and cultural aspects may even be affected. The opposite of this can also occur. A good example of this can be seen when there was a political leadership change in this country. This change strongly affected the economic sector, such as the amount of foreign investment in Indonesia, the *Rupiah* exchange, etc. On the other hand, the seemingly endless monetary crisis that started in 1997 also became one of the factors that hastened the fall of the New Order regime. These economic and political changes in the end affected societal relationship patterns, such as the increase of social groupings based on political parties and ethnic group.

At a local level, for example, the regional government is often unable to respond quickly to natural disasters. Experience has shown that natural disaster management has proven to be poor by some regional governments. Things lacking include early warning systems, knowledge of action to take when disasters happen, and knowledge of action to take after the disaster. As a result, the societies who experience the disasters suffer. Due to the same lack of foresight, riots in some regions are caused by the inability of the local government to identify potential conflict, and the conflict spreads rapidly and becomes difficult to deal with.

The case mentioned above teach us two things: First, the relationship between environmental variables, both internal and external, of an organization, often cannot be clearly separated because there is very high level of interaction and interdependency between them. Second, as the result of a strong connection between environmental variables, complexity in predicting environmental changes increases. Environment in strategic management is considered to be uncertain (*chaos*). No any economist, for example, was able to foresee that Indonesia, which before 1997 was predicted to become one of the future tiger economies, could turn into a poor country as the result of the economic and monetary crisis. There are also many politicians that were surprised by the fall of Soeharto's authority which ended the glorious 32 year period of the New Order regime.

Both events are beyond the scope of a conventional public administration study. As a result of the inability to predict these events, conventional management does not have a plain strategy. Osborne and Gaebler (1992) once reminded us that the central failure of government at presence is one of means, not ends. They therefore

believed that the government needed to be reinvented. The concept of “means” in this matter can be understood as the strategy that has to be chosen. A lack of strategy would result in the organization having an uncertain direction. It is therefore acceptable that public bureaucracy is often late or unable to anticipate various problems or crises that occur suddenly. A lack of precision and quick response to the environment could result in a lower level of trust of the society towards the public administration.

It is these managerial weaknesses in the public administration that reveals the necessity of a management model that is more responsive towards various internal or external environmental changes and is also able to predict, far in advance many issues that might arise and be faced by the organization. On one hand, the organization is enlarged and complex. However, on the other hand, the environment is also uncertain. Osborne and Gaebler argue that the bureaucratic model may have been appropriate in a past slowly-changing age of hierarchy and mass markets but it is no longer appropriate in the fast moving global marketplace and information society. It is argued that in the post-industrial era institutions need to be more flexible and more responsive to consumer demands, leading by persuasion and incentives rather than by command, empowering citizens rather than simply serving them (Bailey, 1999:261).

Public administration reform has a correlation with the political system. Both Caiden (1969) and Montgomery (1967) state that public administration is power politics in action (process); it contains ideological rationalizations, fights for control of areas, services, people, political participants and institutions, power drives, campaign strategies and obstructive tactics, compromises and concessions. It also adjusts the relationship between a bureaucracy and other elements in a society, or within the bureaucracy itself. Hence, it is not really an easy action because it has a correlation with the political system which has value loaded and political friction among actors.

One of the public administration reform models that has become a favorite in many countries is the New Public Management (NPM). Some of the NPM principles are often applied in the public administration reform in Indonesia, especially after the implementation of Law No. 22/1999.

b. New Public Management as a Public Administration Reform Model

In most countries, the effort to carry out administrative reform in the public sector occurred as a reaction to the failure of the traditional model of the Public Administration in anticipating several public problems, especially in response to the economic and financial pressure. In order to respond to these problems, the techniques and the models of the private sector management are supposed to be implemented. Henceforth, the NPM concept was introduced as a new paradigm in the management of the public sector. As its early development was closely related to the development of the private sector management, the form and the model of the NPM were often influenced by the theory and practice of the private sector management.

Nevertheless, the birth of NPM was not solely due to the better quality of the private sector management, but also the political-economic issues that escalated in the early 80's, namely the review of the Public Administration principles, in particular the state's role in providing public services and goods. Several principles from the earlier Public Administration that had previously been considered as everlasting and fundamental, as stated by Hughes (1998:1), started to be questioned. Those questioned principles are as follows: *first*, the government obligation to organize itself with the hierarchic principle as proposed by Max Weber. *Second* is the government involvement in providing the public services and goods through its bureaucratic role. *Third*, the separation of the administration from the politics in guaranteeing accountability—administration is to perform the policy that has been resolved by the politics. *Fourth* is the necessity for the professional bureaucracy to be able to serve the political authorities equally.

To Hughes (1998: 1-2), bureaucracy is not the only public goods and services provider, since the private sector also plays a role. In this matter, the government plays an indirect role by giving subsidies and making certain rules or contracts. Politics and administration, to a certain extent, are in practice hardly separated. Accountability can only be achieved if the public retains control of the implementation of the public services provided by the public bureaucracy. The employee conditions in the public sector also weaken, for the organizational structure and system is very different compared to the private sector. Due to these limitations, NPM has often been used as a

paradigm by policy makers in several countries to reform their bureaucracies since the early 90's⁷.

The New Public Management is interrelated with its basic concept, the public Administration. Perry and Kraemer, 1983, stated that public management is a merger of the normative orientation of traditional public administration and the instrumental orientation of general management (Pollitt and Bouckaert, 2004: 8-9). Pollitt and Bouckaert also gave several affirmations on the public management and public administration concept. The *first* affirmation is that public management is used with at least three different meanings, the activity of the public servants and the politicians, the structure and the process of the executive government, and the systematic study of activity. The *second* affirmation is that public management is considered as a symptom of modernization—a dynamic force for change that is often opposed to the static public administration. The *third* is that the relationship between public management and generic management is still debatable, for there is an attempt to borrow extensively some ideas and techniques that come from the private sector management. However, their utility for the management in the public sector is sometimes still questioned. Some suggest that the borrowing of the ideas and techniques from the private sector can be only applied at the micro level. In truth, the genuine characteristic is still applicable at the macro level. For Pollitt and Bouckaert, the question not regards the micro or macro level, but also the technical and political characteristics. The *fourth* affirmation is that management is not neutral. Besides the technical process, management contains much politics, law, and ideological values.

Further explanation on the differences between the administrative paradigm and the managerial paradigm is given by Werner Jann (1997: 93) in the following Table (2.3):

⁷ Many Public Administration experts explain the term “New Public Management” differently. Pollitt (1993), for example, uses ‘managerialism’; Lan, Zhiyong, and Rosenbloom (1992) use ‘market-based public administration’; Barzelay (1992) uses ‘the post bureaucratic paradigm’; Osborne and Gaebler (1992) use ‘entrepreneurial government’; in Germany the term ‘*Neues Steuerungsmodell*’ is used; and in Great Britain it is known as ‘3Es’, which is an abbreviation of ‘economy, efficiency, and effectiveness’ (see Hughes, 1998:52).

Table 2.3: The Administrative and Managerial Paradigm

The Administrative or public law paradigm	The Managerial or entrepreneurial paradigm
Adherence to formalized rules and procedures	Use of resources to achieve results
Democratic control	Property rights
Hierarchy	Market
Rule of law	Rule of owner
Public welfare	Welfare of the firm
Legality	Private gain
Accountability	Autonomy
Legitimacy	Secrecy
Rules	Results
Collective action	Competition
Equity of need	Equity of market
Citizenship	Customer sovereignty
Authority (<i>Behoerde</i>)	Firm
Risk avoidance	Risk-taking
Neutral expertise	Interest-orientation
Stability	Change
Tradition	Renewal
Voice	Exit

Source: Werner Jann.1997. *Public Management Reform in Germany: A Revolution without a Theory*. In the book “*Public Management and Administrative Reform in Western Europe*”. Walter J.M.Kickert (ed.). 1997

The change from an administrative paradigm into a management paradigm is related to the public sector. As we know, the basic goal of the public sector in developed countries has changed from social equity into allocative efficiency. Social equity is a consequence of the role's state in the welfare state system that was characterized by the expansive redistributive role of the state by means of public transfers and taxation. This role has declined, because allocative efficiency as a basic goal of the public sector is in accordance with the tighter budget constraints that have determined the course of the public sector during the last two decades (Harrinvirta, 2000:39). There is a re-evaluation of the government function, as stated by Osborne and Gaebler (1992) as a 'separation of steering from rowing'. The last is that there is a tendency to reduce the government's functions through privatization and other forms of marketing.

c. The NPM Models

In general, NPM models are divided into two major paradigms. The first is the Anglo-saxon paradigm, which is implemented in countries such as Great Britain, the USA, Australia, and New Zealand. The second is the European Continental paradigm which is implemented in countries such as France, Germany, Sweden and Italy while

the Anglo-Saxon paradigm puts stress on public interest values, especially interest in issues of privatization, the European Continental paradigm focuses on the *Rechtsstaat*, and is especially interested in issues of welfare state which is intensified by governance issues such as participation, accountability, and decentralization. The following models of Ferlie, Ashburner, Fitzgerald and Pettigrew (1996:11-15) depict how each paradigm have been suitable for conditions at various time.

a. NPM Model 1: The Efficiency Drive

From the early mid 80's, this model was considered to be the earliest and the most dominant model. Through the concept of efficiency, the public sector management was about to come under the management of the business sector. The prime themes that occurred in this first model were an increased in attention to financial control, management by hierarchy; a 'command and control' mode of working; an extension of audit, both financial and professional; increased stress on provider responsiveness to the consumer; a greater role for non public sector providers; more market-mindedness and customer orientation; deregulation of the labor-market and an increase in the pace of work; a much higher turnover at the senior management level within the public sector; some empowerment of less bureaucratic and more entrepreneurial management, but still with tight retrospective accountability requirements upwards. Many people responded cautiously to this model because not every private sector management model is suitable for the public sector, considering the different complexities faced.

b. NPM Model 2: Downsizing and Decentralization

The second model appeared in response to the weaknesses in the first model. This model, in general, is an advance in organizational development. The late 70's were, as Ferlie and colleagues said, marked by the change to flexibility and the unbundling of vertically integrated forms of organization. Large organizations typically downsized, contracted functions out, and split up internally into more autonomous business units. This can be seen from the prime indicators of the model such as: an extension of the early stress on market-mindedness to more elaborate and developed quasi-markets; a move from management by hierarchy to management by contract; de-layering and downsizing; a drastic reduction in the payrolls of public sector organizations; moves towards flatter organizational structures; staff reductions in the higher tiers as well as

lower down in the organization; an increased role for network forms of the organization.

c. NPM Model 3: In search of excellence

This model concentrates more on the human relations in the public services. Therefore, this model uses the organizational culture parameter as its focus. The followers of this model resist the rationalistic approach and, in contrast, support values, culture, rites and symbols in shaping how people actually behave at the work. This model is divided into two approaches, bottom-up and top-down, each indicated by its own characteristics. In the bottom-up approach there is an emphasis on organizational development and learning; a recognition of organizational culture as a form of glue; a top-down backing for bottom-up product champions; and a radical decentralization with performance judged by results. Meanwhile, in the top-down form: explicit attempts to secure culture change; projection of a top-down vision; managed culture change programs; stress on charismatic forms of top-down leadership; identification of charismatic private sector role models for the new-style public sector; more intensive corporate training programs; the growth of corporate logos, mission statements and uniforms; an explicit communications strategy; and a more assertive and strategic human resource management function.

d. NPM Model 4: Public Service Orientation

This model is a fusion of the private and the public sector management ideas. The model encourages the manager of the public sector to be more oriented to the public service achievement mission. The prime indicators that can be used to describe this model are *a* major concern with service quality (e.g. the use of quality initiatives; the reflections of the user (rather than the customer) concerning the values in the management process; a concept of citizenship; a desire to shift power back from the appointed to the elected local bodies; skepticism as to the role of markets in public services; a stress on securing participation and accountability as legitimate concerns of management in the public sector.

As model explained above, the next model also attempts to divide the NPM based on developmental issues, and does not intend to be a proponent of one paradigm in the NPM. The model was developed by Peter (1996), who attempted to identify four

main vision groups in public management reform (Pollitt and Bouckaert, 2004:135-136). These are:

- a. The Market model. This group, known as 'the NPM group', focus on the private role and decreasing the role of the public organization.
- b. The participatory state. The main vision of this group is to put the basics of empowerment and participation of citizens in the running of the administration
- c. Flexible government. This group is opposed to the rigidities and conservatism of the government both at the organizational and individual levels, which can be treated as 'a temporary state' and used as a remedy to overcome those problems.
- d. Deregulated government. This group assumes that public service organizations are full of creative ideas, experience, and well-motivated people. Therefore, they must be released from the heavy constraints of bureaucratic regulations.

d. Conclusion

In developing countries such as Indonesia, the development of the NPM only started in the early 90's. There are at least two things that can be noted as to the reason for the increase of the NPM paradigm distribution inside the government. The *first* reason is that the financial burden of the government in financing all of the public sectors has been increased as the result of the chronic economic crisis that happened since 1997. The *second* is that the political crisis that resulted in the overthrowing of the authoritarian regime increased the critical judgment of the people towards any government actions. These two reasons prompted a new requirement to improve the public sector management that was considered to be ineffective, inefficient, and unaccountable to public. Since then, to accompany the political and economic reform, a reform of the public management sector is also being carried out.

It seems difficult to use only one NPM model to analyze NPM practices in Indonesia. The problem is that the public sector management is more occupied with itself because several formal procedures and rules that the managers have to abide by in practice. This system is actually almost the same as the Continental system that holds tightly to the principles of the *Rechtsstaat*. Since Indonesia used to be colonized by the Netherlands, a country in Europe that follows the *Rechtsstaat*, there are many

laws and rules that were inherited from the Netherlands, including the improvement of the culture of the officials and the structure of the administration. Many government institutions formed do not have specific functions other than to serve the states' interest—especially to empower the ruling government. This kind of public management model flourishes even more when the political system that rules is an authoritarian regime⁸. It causes public bureaucracy reform to become more difficult, for the structure and the culture that are built to empower the ruling government are still significant.

It has been stated that the theory developed in this research model is based mostly on the *Rechtsstaat* paradigm the NPM model that comes from European Continental thought. The Anglo-Saxon paradigm model tends to view privatization as one of the best ways to manage the problems that are faced by the public management sector. Meanwhile, in Indonesia, there is not yet the strong law enforcement that is needed in order to apply privatization. The ability of the private sector to replace the public sector services is still questioned. The reason for this is that, besides it's limited capabilities, the private sector seems to have a tendency of avoiding business ventures that are unprofitable. Moreover, the privatization issue is not a beneficial issue for the ruling parties since the public still considers privatization as an attempt to restore the conglomerates⁹ that once ruled under the New Order regime. Though the use of the Anglo-Saxon paradigm to analyze the NPM practice in Indonesia may be flawed, it does not mean that this model should be altogether. Some practices contained in this model are related to the NPM practices in Indonesia, such as the programs that are customer-oriented, and the deregulation to empower the private sector growth.

⁸ The political system in Indonesia has experienced three different phases. The first phase is called the Old Order regime, under the authority of the first Indonesian president, Sukarno. This regime is the regime that founded the Republic of Indonesia. As a founding regime, it built a political system that tried to unify all of the groups that existed in the early period of the Indonesian independence (Nationalist, Communist, and Religious). The difficulty of unifying these groups later became the reason for the fall of the regime. The second phase is known as the New Order Regime. This regime replaced the older one through a sympathetic coup d'état in 1965. It was controlled by Suharto who came from a military background. This regime is famous as the Development Regime for its Development Trilogy: stability, growth, and equality. Those principles are indeed what caused this political regime to be built in a very authoritarian and centralized manner. Despite the criticism that is often given to this regime, it actually succeeded in turning Indonesia from an under developed country into a developing country. The third phase was marked by the fall of Suharto in 1998 that ended the New Order Regime. This phase for many people is known as the Reform Order or the Transitional Order, and is still running today. In this period, many reform have been carried out, encompassing many aspects, such as the economy, politics, and the government bureaucracy. The reform was carried out by following democratic principle under the boundaries of the union states.

⁹ Most of the Indonesian people believe that one of the causes of the unrelenting economic crisis is the wicked conspiracy of the government and the conglomerates (giant corporations) in the public resource management by means of corruption, collusion, and nepotism. Most of these conglomerates were run by people inside the Suharto's circle of authority, and most of them were Chinese-Indonesian people.

Therefore, the model developed in this research will be focused on the *Rechtsstaat* paradigm, while using the Anglo-Saxon model to identify several variables that influence the local bureaucratic reform in Indonesia.

This dissertation agrees with Pollitt and Bouckaert's opinion (2004) that not all of the NPM models can be applied in every country. The application of the model requires a specific design that is accustomed to the economic and the political conditions, including the administration systems, and the socio-cultural conditions of the country. This study will combine the *Rechtsstaat* and Anglo Saxon NPM models to analyze the local public administration reform in Indonesia.

2. Performance of Local Public Administration Reform

This section will explain the dependent variable of this research, the *Performance of Local Public Administration Reform*. Before this section explains this variable any further, it first needs to be confirmed as the subject of this research. This level of administration was chosen because it considers the fact that in 1999, the Law 22/1999 on the Local Government and the Law 25/1999 on the Balance of the Central and Local Finance, which marked a great change in the Indonesian local administration system, were authorized. This significant change was the end of the previous regional administration regulation that, though it regulated local autonomy, was still centralistic. This decentralized era was then followed up with several rules to elucidate both Laws. Almost all of the following rules have a reformative value toward the existence of the bureaucracy in the region, encompassing such matters as personnel, finance, organizational structure, systems and procedures, working-performance measurement, supervising systems, public participation in the decision making, and public service quality improvement. Now, after eight years, it is still a big question for us as to how far the reform has worked successful.

In this research, 'Performance' is defined as the maximum ability of an organization, program, or policy in achieving its goal. This research works within the boundary that *performance* is not an analysis of the *impact*, but of the *outputs* of the public administration reform policy at the local level. *Outputs* are defined as every move made by a public organization in the form of policy, programs, or activities. Based on these definitions, the indicator that has been developed to measure the

variables of the Performance of the Local Public Administration is the level of *output* of the policy.

a. Components of Local Public Administration Reform

Before further discussing the indicators of the variable, this section will first explain the components of local public administration reform. Based on the opinion of Pollitt and Bouckaert (2004), the four major components of local public administration reform are as followings:

- a. Finance: budget, accounts, audits
- b. Personnel: recruitment, posting, remuneration, security of employment, etc
- c. Organization: specialization, coordination, scale, (de)centralization
- d. Performance Measurement Systems: content, organization, use

For the purpose of this research, the last component, the performance measurement system, is not used because there is no real practice of it in local governments. This research will however examine the planning system, which is useful to find out the effectiveness of the planning model and its impact on community participation.

Finance Reform. According to the Pollitt and Bouckaert, there are two things that cause budget reform. The first is the obstruction of economic growth (for macroeconomic reasons). The second is the pressure for the public sector to improve its efficiency, effectiveness and quality. A policy that can be included in the category of budget reform is the *cutback programs*. By means of this policy, the programs that are unpopular and over spend the budget will be curtailed or if possible, erased by reevaluating the budget. The success of this policy is heavily relied upon by the government because it can cause issues that could damage the government's reputation. Another policy included in the budget reform is what is known as *the use of frame or block-budgeting*. This policy is usually used as a consequence of decentralization in the financial sector, in which the central government gives a certain amount of funding to the lower-level government based on a certain formula, and gives the local government the full authority to use that funding.

The assessment of this budget reform commonly focuses more on the performance than on the amount of savings. Pollitt and Bouckaert (2004: 69) explain the steps that can be used to assess the performance of the budget reform as the

following: *first*, publicizing the performance of the budget every year; *second*, changing the format and the content of the budget, focusing on shifting them from the line item-budgeting towards a more performance-sensitive type of categorization, or by trying to link up budgeting with new processes of strategic planning; *third*, changing the budgeting procedure, by changing the incentives for the major budget actors or by fundamentally changing the structure or the time frame of the budget and even changing the role of the legislative institution in the process of budgeting if possible.

Besides the budget, another policy that is still included in the category of financial reform is the accounting system. This system can be traditional, cash-based, double-entry bookkeeping, and actual-accounting. In Indonesia, this accounting system change is introduced by means of the Performance Budgeting policy that has been implemented since the 2003 budgetary year.

The last form of the financial reform policy is the Auditing. The problem occurring with this policy was related to the question of who would perform the local government financial audit, since the evaluation needed to be independent. In the Indonesian context, an independent evaluation is not commonly available. This is so because most of the evaluation, whether central or regional are carried out by government institution itself. Independent institutions are still very rare, and mostly founded by the NGO's.

Personnel Reform. In general, personnel management includes the process of recruitment, placement, human resource improvement, promotion, evaluation, and retirement. The recruitment process looks for educated and skilled personnel through a selection process. After the personnel are chosen, the next process is to place them according to the skills or knowledge possessed. The improvement of the human resources is aimed at improving knowledge and skills that can be useful for the personnel in carrying out their duties, according to their positions. This human resource improvement is generally carried out in two ways: through formal education, which offers a degree, and the skills program. The promotion is related to the continuity of a personnel's career to reach a higher rank. The purpose of a promotion is to refresh and to rotate the existing duties, as well as to guarantee the security of the personnel's career. A promotion is usually awarded based on the seniority and the

competency of the personnel. In the meantime, a salary is a form of service repayment from the government to the personnel who have given their time and energy to run the public organization. Besides providing a living for the personnel and their families, a salary is intended to ensure the binding of the personnel to the public organization. Retirement is based on age or other reasons that are justified by the laws. The purpose of this is to give an assurance to the personnel and their families for their futures.

In Indonesia, the personnel management reform has been carried out several times, whether by changing the laws that regulate employment or its rules of execution. At the local level, these reforms have also received a response from the regional government, which responded in many ways with different results. Nevertheless, the effort is commonly partial—each step in the personnel management is carried out separately—considering one of the unsolvable problems that is often debated in relation to employment in Indonesia: a sufficient salary.

Organization. Pollit and Bouckaert (2004: 81) stress four important aspects of organizational reform: specialization, coordination, centralization or decentralization, and scale. The main issue of the *specialization* is whether a public organization should be ‘single-purpose’ or ‘multi-purpose’. Specialization requires the public organization to concentrate on a specific field or on several fields that are mandated by the law. The consequence of this choice affects the efficiency of the resources that are allocated to run the organization, and possibly also affects the simplicity of the coordinating. The problem is finding an effective way to secure the coordination. Pollitt and Bouckaert (2004: 83), in finding the answer, identified three types of coordination. First, the coordination in the old hierarchic system is guaranteed by an authority that comes from the upper level of the hierarchy. The authority is enforced at the lower level of the hierarchy to avoid the possibility of contradiction in performing each duty. Another way that could also guarantee the performance of the coordination, as mentioned by Pollitt (2003), is *voluntary cooperation within a network*. This form appears to be very formal, especially for the public organization, but it could be reached if the achievement of the purpose is evenly spread among the network members. In addition, this form allows easy communication, and has a simple scale out execution. The third model of coordination uses the market mechanism, by means of the supply and demand principle.

In connection with decentralization, organizational reform in this research is understood as the giving of authority to make and to apply a decision. This authority is given by the highest local authority (Regent/Mayor) to the lower level administration. The context of decentralization at this local level is important because, in public administration, decentralization only occurs when the decision-making is equally divided through to the lowest level, even to the street level bureaucracy, based on each authority portion. The decision to decentralize would at least reduce time-consuming decision-making, which the government units at the local level often face when performing public services.

Meanwhile, *scale* is interrelated with the previous three aspects: specialization, coordination, and decentralization. When these three aspects are accomplished, the organization scale experiences something that is mentioned in the NPM and '*reinventing government*' as an organization that is 'flat, flexible, specialized (focused), and decentralized and therefore very probably quite small' (Pollitt and Bouckaert, 2004: 89).

Planning Methods. In addition to the four components, stated by Pollit and Bouckaert (2004), there is another main component that is appropriate to use to understand the practice of the local public administration reform in Indonesia: the Planning Methods. This component is significant because of the shifting of the political system in Indonesia from a centralized into a decentralized one has had important implications for the change of the planning methods in the region. Conceptually, when the authority has been decentralized to the regional level, the region, as an autonomous region, has the full authority to manage itself for the benefit of the own region. However, in practice, despite the decentralized political system in Indonesia, the intervention of the central and provincial government is still very strong, especially concerning the control of budget sources that are used to finance the authority. In these kinds of conditions, the region often feels trapped between the wish to express its freedom in designing policy and program at the local level, and the interests of the higher level administration that has power over the budget sources of the policy and program.

Another problem is that while planning requires sufficient knowledge, the region still has to face many basic problems, such as the availability of personnel that

possess adequate skills and satisfactory technological support. Based on this, the creativity of a region in handling all of these weaknesses in order to fulfill the need for qualified planning is very important to study.

The quality of planning is not only measured by the knowledge of the authority, i.e. the fulfillment of scientific conditions, but also by the democratic authority in which the planning process involves other actors besides the state actors (participatory planning) and is for the benefit of the public. For this reason, this research includes the stages of the planning process and how they are carried out.

This research will observe how the four components of reform—*planning methods, finance, personnel, and organization*, are carried out in some regions of Indonesia. These components were chosen because they are the main foundation for a public administration to carry out its duties—thus, a public management reform would consist of at least those four components. In addition, they are also issues that are often raised when public administration reform is carried out at the local level, particularly in Indonesia. The observation the components is based on the NPM models that lean more toward the Continental European model than the Anglo-Saxon model used in the UK, USA and Australia. The Continental model, as is used in Indonesia, is related to the *Rechtsstaat* basic principles. The reform component developed in Indonesia is therefore more often characterized by managerial reform than by privatization in order to encourage the private into the public sector. In other words, public management reform in Indonesia has not aimed fully change the public service ownership/management from a public organization into a private one. However, the public administration in Indonesia still uses several principles that are contained in privatization, such as customer service and user charges. The principles, in some ways, are applied in public administration reform at the local level.

b. Variable Indicators of the Performance of Local Public Administration Reform

Massey states the purposes of the management reform, as being: a) to reduce the role and extent of the ‘state’ in order to enhance that of the private sector; b) to de-politicize many (mainly economic) policy decisions and their being entrusted to professional experts, rather than the whim of politicians and bureaucrats perceived to

be in the thrall of self-serving interest groups; c) to inculcate public sector organizations with the best techniques of private sector practice in order to bring the discipline and inherent efficiencies of the marketplace to the activities of the state (Hughes, 1998:61).

Though these measurements are macro and more suitable to measuring the success of public management of Margaret Thatcher's administration (UK), at least they contain the principles that a reform basically wants to achieve. It is important to note that a public management reform is considered as a success when the country does not measure the success of its public services using its own indicators, but by considering the satisfaction of other actors outside the government, such as civil society and the private sector. Moreover, the model of public management development is not supposed to be dominated only by the model that comes from the internal concept of the bureaucracy itself, but also by other models, such as the private sector, that could act as a comparison. Thus, the measurement of the success of public management should also consider the measurements of success used by the private sector, such as efficiency, effectiveness and productivity.

According to Hood (Hughes, 1998:61-62), the analysis that aims at internal changes are:

- a. *Hands-on professional management in the public sector. This means letting the managers manage, or as Hood puts it 'active, visible, discretionary control of organizations from named persons at the top'. The typical justifications for this is that 'accountability requires clear assignment of responsibility for action';*
- b. *Explicit standards and measurements of performance. This requires goals to be defined and performance targets to be set, and is justified by proponents as 'accountability requires [a] clear statement of goals; efficiency requires a "hard look" at objectives;*
- c. *Greater emphasis on output controls. Resources are directed to areas according to measurement of performance, because of the 'need to stress results rather than procedures';*
- d. *A shift to desegregation of units in the public sector. This involves the breaking up of large entities into 'corporative units around products', funded separately and 'dealing with one another on an "arm's-length" basis'. This is justified by the need to create manageable units and 'to gain the efficiency advantages of franchise arrangements inside as well as outside the public sector';*
- e. *A shift to greater competition in [the] public sector. This involves 'the move to term contracts and public tendering procedures' and is justified as using 'rivalry as the key to lower cost and better standards';*
- f. *A stress on private sector styles of management practice. This involves a 'move away from military-style "public service ethic" and flexibility in hiring and*

rewards’, and is justified by ‘need to use “proven” private sector management tools in the public sector’;

- g. A stress on greater discipline and parsimony in resource use. Hood sees this as ‘cutting direct costs, raising labor discipline, resisting union demands, limiting “compliance costs” to business’ and is typically justified by the ‘need to check resource demands of public sector and to “do more with less”’.*

As seen above, Hood’s measurement of the success of a public management process is based on the existence of authority discretion given to the officials that face the public in person. Accountability is also another measurement that is created by first inventing the standard of performance that can be accessed transparently by the public. It is important to also concentrate on the quality of the result rather than only on the system and procedure. However, this does not mean that any efficiency in the system and procedures that can reduce costs should be ignored. Efficiency is valued most when the outcomes are equal to the standard planned result. The standard of success is reached when the customer is satisfied by the public organization. In other words, governance issues are an important topic in public administrative reform.

The previous section explained that the performance measurement developed by this research focuses on the level of *outputs* of the local public administrative reform policy. In general, the measurements used to evaluate performance are efficiency, effectiveness, and productivity—measurements that originally came from the field of economic science. The public management study also uses several other specific measurements such as capability, equality, and other measurements that are affected by issues in governance, such as accountability, transparency, equity, conflict management, and participation. This research will also use some of those measurements to evaluate the achievement of public administration reform at the local level in Indonesia. The following list will explain in detail the variable indicators of Local Public Administration Reform Performance:

- a. Number of institutions and sub ordinates
- b. Congruity between the function of the institution and the need and potency of the region
- c. Number of structural positions (echelon)
- d. Personnel recruitment and promotion assessment: merit (competency) or spoils (collusion and nepotism) system

- e. Number of regional contract employees
- f. Performance of the personnel in providing services to the society
- g. Transferring personnel systems among regions
- h. Percentage of the Local Original Income (*PAD*) toward the Local Budget
- i. Bribery and corruption
- j. Transparency on the Process of *APBD* Formulation
- k. Effectiveness of the budgeting system
- l. Steps of the local planning process and the effectiveness of proposals from society
- m. Public participation in local development project planning and implementation
- n. Decentralization in local development policy making

C. INDEPENDENT VARIABLES

1. The Central Government's Role

This major variable consists of two sub-variables: Decentralization as Architecture Reform and Policy Reform.

a. Decentralization as Architecture of Reform

This variable is the Law that becomes the legal foundation of local autonomy practice. It regulates how the locality should manage itself and fulfill its obligation as the appointed authority, how the local is supposed to relate with the central government or higher-level government (vertically) and with other local governments (horizontally). The legal foundation of decentralization in Indonesia is Law No. 22/1999 on the Local Government and Law No. 25/1999 on the Balance of Central and Local Finance.

Decentralization is defined differently depending on the literature. Cheema and Rondinelli (1983: 18-25), for example, divide decentralization into four different forms:

(i). Deconcentration

"...is merely the shifting of workload from a central government ministry or agency headquarters to its own field staff located in offices outside of the national capital, without also transferring to them the authority to make decisions or to exercise discretion in carrying them out".

Deconcentration has become one of the administration principles in Indonesia that in practice often dominates the relationship between the local and the center. This is

proved by the amount of deconcentration funding that is given by the central government ministry to the local government which exceeds the funding that is given by means of the General Allocation Fund (DAU).

(ii). Delegation to Semi-Autonomous or Parastatal Organizations

“..Delegation of decision making and management authority for specific functions to organizations that are not under the direct control of central government ministries”.

This delegation of authority is generally given by the center to institutions such as state corporations, regional developers, or other institutions that holds certain authority. In Indonesia, this kind of decentralization is often given to autonomous units that are under direct control of the president, and to certain economic growth regions.

(iii). Devolution

This form is often known as the political decentralization because, the central government gives full authority to the local government or other lower government units to make its own policy and carry it out without any intervention from the center. The Law No. 22 Year 1999 that regulates local autonomy, in essence, follows the basic principle of political decentralization (devolution). This can be seen from the articles that provide the regions with several authorities to plan and to carry out devolution.

(iv). Transfer of functions from Government to Non-government Institutions

“..Decentralization takes place in many countries through the transfer of some planning and administrative responsibility, or of public functions, from government to voluntary, private, or non-government institutions. In some cases, government may transfer to ‘parallel organizations’—such as national industrial and trade associations, professional or ecclesiastical organizations, political parties, or cooperatives—the right to license, regulate, or supervise their members in performing functions that were previously controlled by the government. In other cases, government may decentralize by shifting responsibility for producing goods or supplying services to private organizations, a process often called ‘privatization’”.

This last form of decentralization has not been commonly implemented in Indonesia, particularly in terms of privatization at the local level. Nevertheless, in Indonesia, there is a tendency to give bigger roles to non-government institutions such as the private sector and NGOs that play a part in governance issues at the local level.

In Law No. 22/1999 there are three basic terms are used that are interrelated but possess different stress. The differentiation is meant to be understood in terms of what is meant by the law maker. The first term used is “Decentralization”, which is defined as the transfer of authority from the Government to the Autonomous Region in the

framework of the Unified Nation of Indonesian Republic (*NKRI*). The second term, “Local Autonomy”, is meant as the authority of an autonomous region to manage and care for the interests of its people independently based on the people’s will and according to the local regulation. The third term, “Autonomous Region”, which from now on will be called “the Local”, is a union of a legal society that has specific territorial borders and that has the authority to manage and to take care the interest of its people independently, based on the people’s will under the framework of *NKRI*¹⁰.

The above definition exemplifies that decentralization gives authority to the local to make and to carry out its own policies independently. In other words, based on Cheema and Rondinelli’s concept that was explained above, the definition of decentralization in the mentioned Law is supposed to be same as the definition of ‘Devolution’. However, the word ‘decentralization’ in the Law is always followed by the phrase “under the framework of *NKRI*”. By means of the phrase, it is emphasized that the decentralization is not to give the local excessive freedom that it is able to secede from the control of the central government. The local is still obligated to obey the central government. In Indonesia, in accordance with local government principles, decentralization is also known as the deconcentration principle and the *medebewind* principle. Both principles are often believed to be indications of the existence of strong direct intervention by the central government, by means of its departments, towards the local.

The areas of authority that become the right of the local, as stated in Article 11 clause (2), are as follow: public utilities, health, education and culture, agriculture, transportation, industry and trade, investment, environment, land, cooperatives and labor. Meanwhile, the authorities that still belong to the central government, as stated in Article 7 clause (1), are the following: political foreign affairs, defense and security, judiciary, monetary and fiscal policy, and religion. In addition, there are still several authorities that belong to the central government such as policy on macro national planning and control of national development, financial rebalancing funding, state administration systems and states economic institutions, human resource improvement

¹⁰ The Administration system of *NKRI* is divided into the Central Government, Provincial, and Regency or municipality (district). The local are autonomous. The Province and the Regency or Municipality are not related hierarchically to each other. Beneath them, there are other regions that do not have autonomy, i.e. the Sub-district (*kecamatan*) and Village/*Kelurahan*.

and empowerment, natural resource and strategic high technology use, national conservation and standardization.

In this Law, there are also several articles that regulate local official, local personnel, and local finance. However, this Law does not, in any way, regulate the measurement of performance, on the level of individual or organization. The articles that regulate local officials contain an explanation of the structure of local administration, the position of officials and their function, and the implementation of the Law. The articles that regulate local personnel, meanwhile, regulate what has become the right of the central government and the right of local government. The articles on local finance regulate the local financial resources and their allocation. The four components of bureaucracy reform will be investigated, particularly how the Law and its implementation reform local governments. In other words, this variable will attempt to explore the establishment of administration (planning methods, finance, personnel, organization structure) that is to become the basis of authority movement (policy).

The decentralization that is based on Law No. 22/1999 that can be considered as an early design that gives the local authority to be autonomous and also contains a design that arranges how the local is supposed to reform its bureaucracy. The construction of local bureaucracy reform that, in one way, is supposed to support the central government's interest and to create efficiency is, on the other hand, accustomed to the conditions of the local and favors the public. This early construction will be very influential to bureaucracy reform performance at the local level because it will become the guide for the local in practicing the reform. Like a building, a construction needs to synchronize its design and the quality of its materials, from the foundation to the roof, with the purpose of making the construction suitable with its environmental conditions. To be able to understand the construction of local bureaucracy reform, besides studying the Law, one is also required to study the implementation regulations, whether in the form of Government Regulation, Presidential Decree, or other decisions at the ministry level.

Being part of a nation that just distances itself from a centralized system, the local bureaucracy in Indonesia has not been completely able to detach itself from the influence of the central government. The same thing also happens to the central

government that, with its departments, is still unwilling to give up all of its authority. Thus, it often results in conflict between the creativity of the local and the interest of the central government that can affect the quality of bureaucracy reform at the local level. The interests of several players from the central government in the provincial government frequently shape the implementation of reforms. The immense influence of the central government forces the local to serve the central government's will. This often confuses the local for sometimes there is a contradiction between the will of the central government and the implementation of regulations that is caused by regulations changing or differences between departments. It will be important study how forceful the central government will be in implementing bureaucracy reform in Indonesia. It will also be interesting to know whether the central government model is fully applied or if it is adjusted to Indonesian environment conditions.

Besides, the patrimonial bureaucratic culture of Indonesia often encourages the elites not to perform the reform that is beneficial for the public. This is worsened by the non-existence of a reward and punishment mechanism that could encourage reform. Based on the above, the aspects that are to be studied to measure the variable of Decentralization as an Architecture Reform are as follow:

- a. Conflict among national political elites that follows the formulation and implementation of decentralization laws
- b. Contradictions among the law of autonomy and other laws and government regulations
- c. Clarity of authority division between the central government and the provinces on one side and the regencies/municipalities on the other
- d. Financial authority: sources of local income mostly coming from the central government
- e. Interference in local planning processes (policy substance)

b. Policy Reform

The policies referred to in this research are the policies that are issued by the central government through its technical department and are related with a certain (sector of) authority that has been given to the regions. The fast development of social, economic, and political life has often forced existing policy to be changed because it is considered to be no longer suitable with the conditions that have to be faced.

Therefore, the Policy Change variable in this research refers to the existence of substantial policy changes by the central government in certain (sectors of education and health) authority that has to be carried out by the regions and is intended to give better results than the previous one. Education and health sectors are part of national development priorities, so that some policies are still under the control the central government through ministry of National Education and the Ministry of Health.

Differing from the Decentralization variable that emphasizes the study of administrative reform design that will influence the performance of Local Bureaucracy Reform, the Policy Reform variable tries to reveal how a certain policy, in areas such as education and health, can affect the performance of Local Bureaucracy Reform. Nonetheless, as shown in the theoretical framework diagram above, both variables are actually interrelated. The interrelationship is supposed to be on the appropriateness between the purpose of a certain policy that is supposed to be changed and the place in which the policy will be implemented as in the decentralization design. The performance quality of Local Bureaucracy Reform is presumed to be influenced by these main variables, whether by a combination of both or individually. The increase on the interrelationship between both variables, as shown by the appropriateness of the policy and the operational place, is predicted to cause a better quality of performance than the influence of only one variable.

Each of the policies contains the elements of purpose, scope of change, implementer, target group, and resources that are included to implement the policy. Hence, policy change obviously includes changes to those elements.

A distinct purpose within a policy is a main condition to achieve an effective policy change. However, sometimes the purpose is made indistinct intentionally because there has not been any agreement between the policy makers on the desired change. Such indistinct purposes sometimes aid certain political intentions since they enable anyone who has an interest on the issue of the policy to achieve that interest. However, it is important to clarify the purpose of a policy because it will make the implementation of the policy by any person or any organization easier. Through a distinct purpose of a policy, the institutions at the local level will find it easier to interpret a policy according to the bureaucracy design as mandated in the constitution that arranges decentralization.

It is also the same with the proposed scope of change: the wider the scope of change, the harder it is to achieve the proposed purpose. The reason is that the width of the change will affect the number of the resources needed to make the change happen. The resources include finance, personnel, related institutions, and methods and technology used. The government commonly faces a very complex problem that often forces them to make policies that could at a single time resolve the whole problem, and that eventually enlarge the scope of the change. This kind of policy design will complicate the task of the regional government in implementing it.

The question of who the target group of the policy change will be is also related to the scope of change. It is very important to clarify the question because ambiguity over the target group will result in failure to achieve the planned purpose and the wasting of resources. Therefore, it is important to recognize the target group because it will also have implications on choosing the right actor to implement the policy. Since every government institution has its own specialization, not every government institution is appropriate to implement a policy. It can happen that the regional government is not appropriate at all to implement the policy and that it outside-government institutions, such as the private sector or NGO's, are needed to implement the policy.

All of the policy elements mentioned above, as mandated by Law No. 22/1999, need to be in accordance with the design of government administration system. This accordance is required for example, on the planning method to interpret policy, the financial system and the funding needed, the number and the qualification of personnel, and the organizational structure.

Besides the elements mentioned above, it is also important to study the intervention of the central government through its technical departments in enforcing policy implementation in the regions. The central government is often found to be inconsistent by forcing the implementation of policy without giving sufficient resources, in funding and technological support especially, to perform it while there are many regencies/municipalities in Indonesia that do not have sufficient capabilities. It also happens sometimes that the policy change is so fundamental and done in a very short period that it confuses the regional government, for the region has to redesign an appropriate system to implement the policy.

Another thing that also needs to be recognized is the groups that will be affected by the policy change, whether positively or negatively. The effect is positive when the group receives the resource distribution that is required to sustain the policy change. The effect is negative when the group loses the resources that they have previously controlled. Politically, resource controlling means possessing authority over resources that are necessary to make a policy effective.

Based on the conceptual argument mentioned above, the aspects that are to be studied in this Policy Change variable are as follows:

- a. Existence of substantial policies on health and education which are still held by the central government even though the autonomy law has decentralized them to local government. This can be seen through the correlation between the existences of organization structures in ministry offices with organization structures in local government institutions.
- b. Central government interference in local development of education and health
- c. Comparison between de-concentration funds and local government funds in education and health project implementation
- d. Policy design: the purpose and the interest, the proposed scope of change and its correspondence with the locals' needs and problems. How effective are these policies?

2. Role of Mayor/Regent

a. Leadership in Public Administration

It seems that there is a difference in definition between management and leadership although it is difficult to separate them in daily conversations. Golembiewski and Gibson (1983) define management, to include those processes, both mental and physical, which result in other people executing prescribed formal duties for organizational goal attainment. Management deals mainly with planning, organizing, and controlling the work of other people to achieve organizational goals. Both of them agree that this definition usually includes those aspects of managers' job, such as monitoring and controlling resources, which are sometimes ignored in current conceptualizations of leadership. According to their opinion, leadership is a more restricted type of managerial activity, focusing on the interpersonal interactions

between a leader and one or more subordinates, with the purpose of increasing organizational effectiveness. In this view, leadership is a socially influential process in which the leader seeks the voluntary participation of subordinates in an effort to reach organizational objectives (Golembiewski and Gibson ,1983: 108).

There are many theories of leadership that range from traditional perspectives to transformational perspectives. Leadership, traditionally, has been seen as a form of activity that is expressed in terms of relationship---that between the leader and the led. Through such a relationship arise the characteristics of the leader. Even some people believe that a leader is born and not made. The following theories state that individuals possess certain characteristics so that they are considered as leaders:

(i). Trait Theory

This theory reappeared in a new guise in the 1980s in the form of “upper echelons” theory. The theory relates the demographic characteristics of top management team members to variables such as consensus and performance. The focus is on a leadership group rather than an individual leader. Another feature is leadership as the capacity to relate an organization to its environment (so-called “strategic leadership”) rather than the more internally oriented focus associated with earlier work (Denis, Langley, Rouleau , 2005) .

A workshop on leadership skills in local government produced a list of ten key skills (Lawton and Rose, 1991):

- Vision—creating a sense of what the organization is about and where it is going;
- Prioritizing—the ability to distinguish between, for example, the urgent and the merely important;
- Motivation—through recognizing achievements and rewarding staff;
- Inter-personal skills—such as listening, suggesting, being positive;
- Political sensitivity-to the needs of councilors and to organizational power;
- Resilience—to remain steadfast in the face of adversity;
- Charisma—difficult to define but it attracts others;
- Risk-taking—in areas such as delegating work to other staff;
- Flexibility—to respond to new ideas and practices;
- Decisiveness—when the situation demands it.

(ii). Style theory

The trait theory does not take into account the relationship between the leader and the followers (behaviour leaders in collective settings). If we recall that leader definition emphasizes the relationship, then what results is generally known as Style theory. This theory identifies several leadership styles:

- Autocratic—identified with a strong domineering leader where power and control are centralized;
- Participative—the leader gives up some power and authority to subordinates;
- Laissez-faire—the absence of direct leadership. The leader may believe that the most important role for them to play is that of a coordinator (Lawton and Rose, 1991).

(iii). Contingency theory

If both theories above are critiqued primarily methodologically, then what arises is the contingency approach. This theory suggests that leadership will be a combination of different factors, depending upon the situation. Different leaders will choose different approaches, depending upon the context. It depends upon what ‘best fits’ the situation. Fiedler (1967) identified two leadership behaviour types: a relationship-oriented type and a task-oriented type. He suggested that the elements of a leadership situation are three fold:

- Leader-member relations and the extent to which there is support for the leader;
- The task itself; is it simple or complex;
- Position power; to what extent does the leader have the power to reward or punish other members of the organization? (Lawton and Rose, 1991).

(iv). Developmental approach

This theory emphasises not just the relationship between the leader and others but also stresses the changing nature of this relationship. It also stresses the fact that as individuals ‘mature’ in an organization then the leader should take account of this and allows the relationship to develop as a consequence. Thus we might expect to move gradually to a more participative or laissez-faire approach. According to Banner and Blasingame, there are nine stages in this development (Lawton and Rose, 1991):

- Attention—leaders initially pay attention and give time to subordinates;
- Support—help the employees in their work;

- Feedback/information sharing—show how the employee's work fits into the wider scheme of things;
- Nurturing—move towards the sharing of ideas;
- Emerging autonomy—the employees begin to define their own role but still need guidance;
- Setting limits—autonomy plus limits determined by the leader;
- Personal competence—employees are highly 'mature', i.e. they are high achievers who take responsibility for results;
- Independent personal and professional growth—employees begin to lead themselves;
- Loyalty and commitment—the leader and the organization are now seen as 'family' by the individual.

Meanwhile, leadership in public administration is always connected with public organization. As we know, public organization is increasingly becoming involved in a complex network. This situation can increase new problems for would be leaders, especially by increasing the pluralism of society. So the question is can a leader intervene proactively or not in public organization? Jean-Louis Denis, Ann Langley and Linda Rouleau (2005) expressed two contrasting views of leadership: one is an entrepreneurial view (Osborne and Gaebler) and a stewardship view (Davis, Schoorman and Donaldson 1997). Both views hold different assumptions about the legitimacy of administrative discretion in public administration.

The entrepreneurial view focuses on the innovative behaviours of leaders in public sector organization and also emphasizes the increased attention by leaders to the demands of the environment and to the preferences of various stakeholder groups. Therefore, the achievement of more effective public service would be dependent on the creativity and dynamism of a strong leader who does not feel constrained by the weight of tradition or formal rules.

If the entrepreneurial view is influenced by private organization perspectives, the stewardship view is influenced more by issues of democracy. However, the stewardship view takes a more or less conservative stance on the role of public leaders who are seen as the guardians of public goods and values. As part of a democratic system, legitimacy of public leaders derives from their conformity to the wishes of

democratically elected politicians. The parliament decides policies and the leaders execute these policies. This view focuses on public service values. However, it seeks to encourage a balance between accountability to political authority and sensitivity to citizens' expectations. In this context, public leaders are necessarily involved in bargaining and transactions with various stakeholders groups (Denis, Langley, Rouleau, 2005).

On one hand, according to Denis, Langley, Rouleau (2005) proponents of the entrepreneurial model insist that public leaders not only can but should be encouraged to intervene dynamically to transform their organizations using conceptions of strategic leadership derived from the private sector. Bass (1996) explained it as transformational leadership which is based on four main attributes: idealized influence or charisma, inspirational motivation, intellectual stimulation, and individualized consideration. On the other hand, proponents of the stewardship model remain preoccupied with issues of democratic accountability. A realistic picture of leadership in public organizations probably falls somewhere between these two poles. In public organization, values and normative pressure play a critical role in the assessment of the legitimacy of decisions and actions, and intense political pressures and autonomous professional groups place leaders in a situation of constant negotiations.

b. Role of Mayor/Regent Indicators

The patrimonial culture of the Indonesian bureaucracy causes the existence of a strong patron-client relationship. In the bureaucracy leadership hierarchy, the Mayor/Regent is a single player that very dominantly influences the bureaucracy. The decisions made sometimes ignore the democratic process. The Mayor/Regent does not involve the subordinate in the process of decision making, but using his/her authority forces the decision to be obeyed by the subordinate. Sometimes, in the local where the Mayor/Regent retains a strong charisma, the Mayor/Regent can even influence *DPRD* to support his/her wishes. However, there are also many Mayor/Regents who possess democratic attitudes and do not force their authority arbitrarily.

In Law No. 22/1999 Article 32 Clause (3), it is clearly stated that in fulfilling his/her duty and authority as the Head of Region, the Mayor/Regent is responsible to the *DPRD*. This article emphasizes the position of a Mayor/Regent that is under the

DPRD as the people's representative institution in the region. This situation occurs because the Mayor/Regent is elected by the *DPRD*. This position under the *DPRD* is completely different from the one in the previous Law that places the Mayor/Regent at a position equal to the *DPRD*¹¹. The political practice of this Law results in a new different political situation compared to what existed previously. In previous times, the *DPRD* was always under the control of Mayor/ Regent. However, nowadays there are more Mayors/ Regents that are under the *DPRD*'s control.

The position of Mayor/Regent toward the *DPRD* strongly influences the performance of the policy implementation, including the policy that concerns bureaucracy reform. Even though this reform policy comes from the central government, it is very likely that in practice there is a conflict of authority between the local and the central government, since bureaucracy reform, directly or indirectly, is related to the position and the authority of each in the allocation of local resources. Therefore, it would be very interesting to study this conflict of authority between both in the bureaucracy reform practice, especially *the political role of a Mayor/Regent* in responding to the problem. The study can be done by observing the local regulation of the policy that is produced through joint decisions.

This political role can also be seen in the response of a Mayor/ Regent in to policy instructions that come from the central government and are related with bureaucracy reform. Experience has proved that there are, in fact, fast and forced changes on bureaucracy reform policy from the central government. The changes often confuse the bureaucrats and the *DPRD* in the local. When they just finish deciding a new reform policy design, the central government has already made a new policy. Therefore, the Head of Local's role in responding to constantly changing instructions from the central government is very important.

It is also important to observe the style of a Mayor/ Regent in making a decision that is related to bureaucracy reform. Theoretically, there are two different styles of leadership in making decisions: democratic and authoritarian. It is democratic when the Mayor/ Regent involves his/her subordinate or other actors from outside of his/her administration in making decisions that are related to bureaucracy reform. On

¹¹ In that time a revision toward the Law No. 22 Year 1999 was still in process. From 2005, the Mayor/Regent is going to be elected directly by the people and therefore is responsible to the people. The *DPRD* will become an institution that has the right to decide the legitimate candidate of Major/Regent, since the nomination mechanism will be done by the party.

the contrary, it is authoritarian when the decision-making is done solely by the Mayor/ Regent. The benefits and the costs of these techniques depend on the situation and condition faced. By understanding these concepts, this research will try to comprehend the way the Mayor/ Regent make his/her decisions: whether they use the democratic technique or whether they use the authoritarian. It will also be questioned whether different techniques produce different result or not. All of these questions are important in understanding the role of a Mayor/ Regent as a policy maker.

The role of a Mayor/ Regent in the bureaucracy reform process is determined by his/her understanding and knowledge of the reform process. This understanding and knowledge is determined by his/her economic background, education, and political views. Since Law No. 22/1999 was legalized, the background of elected Mayors/ Regents has varied greatly. This condition is extremely different from the conditions that existed when the New Order regime still ruled. In that time, most of the Mayors/ Regents came from the ABG (Military, Bureaucracy, and *Golkar*/Political Party). There were almost no Mayors/ Regents that came from outside of those three groups. Because of this common background, the policies made by each region were always the same. Furthermore, the political and administrative system in that time was still centralized. Nowadays, the conditions are different. Candidates for Mayor/ Regent who come from outside those three groups do have the possibility of being elected. In fact, most of the Mayors/Regents nowadays come from different backgrounds: elementary school teachers, merchants, lecturers, businessmen, bureaucrats, politicians, religious leaders, doctors, etc. These different backgrounds result in different policies in responding to bureaucracy reform in each region. The simplest assumption is that the design of a policy is related with the ability of the person who determines the policy.

The complexity of bureaucracy reform often results in a conflict between the government units in the local. The reason is that the reform proposed to create efficiency and effectiveness may result in reducing the existing resources of government units. The conflict can sometimes even happen between personnel in a certain government unit. Friction and tension happen because the opportunity to receive certain higher ranks is getting smaller. These conflicts happen mostly in the early phase of reform. It often creates an un-conductive working atmosphere. To be

able to solve the problem, the role of a Mayor/Regent as both a leader and as a mediator becomes very important. The role to resolve this conflict will be very influential on the success of bureaucracy reform. Based on the above, the aspects that will be studied to explain the role of the Mayor/Regent variable are as follows:

- a. Social, economical and political background of the Mayor/Regent;
- b. Leadership and management style: networking ability with politicians, businessmen and community, policy innovation, decision making style, division of authority, and conflict management;
- c. Response of the Mayor/Regent to the Central Government's rules which to local bureaucracy reform;
- d. Supporting governance: fighting corruption and budget transparency.

3. Response of Bureaucrats and Politicians to Local Public Administration Reform

a. Relationships between Bureaucrats and Politicians

Peters and Pierre (2001), in their book *"Politicians, Bureaucrats and Administrative Reform"*, state that in the reforms of the 1980s and 1990s politicians identified the civil service as a major part of the problem, rather than as a part of the solution. For much of the last century administrative reform has implied building a better and more professional public service.

On the other hand, especially in the Indonesia case, more bureaucrats considered politicians to have no ability, yet enough knowledge of management to somehow implement good policy. In term of information, the bureaucracy is more powerful because they have held their positions for long time. Peters (1987:258-278) classified interaction between politicians and bureaucrats into five models:

(i). The Formal Model

In this model, the policy making role of the civil servant is reduced to saying 'Yes, Minister'. The model is described as having a rather smooth or integrated pattern of interaction, with conflicts being resolved almost automatically through law and hierarchical command—'Yes, Minister' is the accepted form of conflict resolution. The style of interaction is determined on the basis of authority. The impact of the policies adopted by government is dependent on the political system.

(ii). The Village Life Model

This model describes how senior civil servants and political executives are conceptualized as having relatively similar values and goals, with the most important perhaps being the maintenance of the government and the smooth functioning of the executive branch. Like the first model, the interaction is also integrative. However two elites (bureaucrats and politicians) coalesce at the expense of other elites (against legislators and other groups in the society in order to maintain their privileged position in government). In this model, conflict resolution is conducted through bargaining. The acceptance of their mutual elite status, and the ability to use that status and the associated personal and professional contacts, gives the residents of the village great power over any potential competitors. This model can be expected to be associated with policy stability, although much of the concern of the participants in such an arrangement would be for systematic management rather than on altering the details of operating policies.

(iii). The Functional Village Life Model

The model posits an integration of elites along functional lines. Like the Village Life Model, this model is also integrative among the participants. Two elites, in this model, coalesce at the expense of other elites. However, the functional model would allow for more openness to societal influences than would the Village Life model. There is still an attempt to partition one portion of government off from another. The resolution of conflict is also through bargaining. This interaction occurs on the basis of expertise, the most important attribute being the possession of expert knowledge in the policy area. The policy adopted should have a greater impact on the connections to groups within society.

(iv). The Adversarial Model

The model assumes that the political executive and the senior civil servant are to be competitors for power and control over policy. In this model the civil servant frequently is cast in the position of saying 'No, Minister', or more commonly saying nothing at all then proceeding to do whatever he thinks is best. The tone in this model is much sharper and combative. The participants can be expected to display some suspicion and difficulties in their working relationship. The model would not predict any particular winner in all cases. Instead, winners and losers would be determined by

the specific set of issues and conditions existing at the time. The resolution of conflict is conducted through power. Then, either power or the ability to muster whatever weapons are available—including such things as formal position and policy expertise—is the medium of exchange in this model. The effects on policy are quite variable. The model allows one of the two sets of contending elites to win on different issues at different times, so variability in policies is expected. Variability in political party control is what determines policies.

(v). *The Administrative State Model*

This model reflects an increasingly common perception that the decision making of government is dominated by bureaucracy. Like other models, except the Adversarial Model, the tone of this model is integrative. This model would have the bureaucrats as the real decision makers and implementers of policy, while politicians would be useful primarily in the legitimating of their actions, rather than acting as decision makers. Conflict is resolved or avoided through the virtual abdication of policy making responsibilities by elected or appointed political executives in favour of public bureaucracy. Like in the Functional Village Life model, the interaction in this model occurs on the basis of expertise. This expertise is used to counteract the formal, legal powers of their political masters. Finally, in contrast with the Formal Model, the policies emerging from the Administrative State model should be more stable. The permanent civil service would be in charge and would tend to preserve much of the status quo despite the attempts of political executives to produce change. Table 2.4 will describe different characteristics of these five models.

Table 2.4: Characteristics of the politicians and bureaucrats relationship models

	Tone	Winners	Conflict Resolution	Style	Impacts
Formal-Legal	Integrative	Politicians	Command	Authority	Variability
Village Life	Integrative	Both	Bargaining	Mutuality	Management
Functional Village Life	Integrative	Both	Bargaining	Expertise	Interest dominance
Adversarial	Adversarial	Variable	Power	Conflict	Variability
Administrative State	Integrative	Civil Service	Abdication	Expertise	Stability

Source: B.Guy Peters.1987. *Politicians and Bureaucrats in the Politics of Policy-Making*. In the Book *Bureaucracy and Public Choice*. Jan Erik Lane.1987

As Peters (1987:268) said, in the real world it may be difficult to distinguish neatly and clearly any one of these patterns of interaction from another, especially

without empirical research directly related to the topic. Hence, in the Indonesian case, this study would not strictly use one model and disregard other models, but the study would consider all models.

b. Response Indicators of Bureaucrats and Politicians to Public Administration Reform

Conceptually, there are three kinds of strategy that act as the response of a government unit toward a policy that comes from higher-level government. The three strategies are as follows: to accept completely the policy model that is given; to accept with several revisions; or to reject and to change it with its own policy. Those three kinds of response are used to observe the region in applying strategies to reform public administration.

The means used by the local government to achieve public administration reform policy, that have been determined before by considering internal and external conditions is the strategy referred to in this research. The strategy becomes very important because the implementation of a policy often becomes a complex problem that needs careful understanding and proper techniques to solve it. There are many problems and some come from the inside, as a reflection of the weakness and the strength of the organization, and some from the outside, as a reflection of opportunity and risk. Together these influence the performance of a policy. Furthermore, in Indonesian history, the policy that concerns public administration always places an important role on political, economic, and even social development.

The complexity of the problems occurring between local governments is also different. It results in the possibility of a local having a different strategy in performing public administration reform. This is possible because Law No. 22/1999 provides an opportunity for the local to develop its own concepts that are suitable with the interests and the needs of its own region, as long as it is still under the framework of the Unitary Nation of the Republic of Indonesia (*NKRI*).

Above, it has been explained that the strategy is interrelated with the internal condition. One condition that needs to be observed is the way the elites (policy makers) of the bureaucracy that design the public administration reform must have sufficient knowledge on the implementation of the reform. Moreover, the performance of the reform is also influenced by the interest of the elites in designing the reform.

The interest is presumed to have a relation with the existence of their position in the bureaucracy structure and the control of resources. One of the examples of this is the choice of the structure of an organization and the number of positions. Because the characteristic of the bureaucracy in Indonesia is more pathologic¹² than rational¹³, it is possible that financial interests dominate more than public interests. This research will try to compare the components of public administration reform to find which component is more sensitive to public interests. It is presumed that sensitivity, as a representation of the interest of the elite, will also influence the performance of reform.

The following Figure 2.1 (conceptual framework) demonstrates that this variable has close correlation with the variable of the Mayor/Regent's Role. It is related to government hierarchy structure which places the Local Heads as the top leaders. This structure will influence strategies that are made by the local government. Therefore, it is important to investigate interactions between them.

Another actor in the local administration system that also needs to be considered in the reform process is the *DPRD* as a group of politicians. This research will also observe the involvement of the *DPRD* in reform that can be seen in the political support given in the form of local regulations and decisions. The *DPRD* holds a great interest in the reform process because ideally the *DPRD* wants the political decisions made to be implemented well by a professional bureaucracy. Furthermore, the bureaucracy system that is built is also important for the *DPRD* because it, indirectly, will influence the existence and the continuity of the function of *DPRD*. Similar to the bureaucrats, the politicians who sit in the *DPRD* are also often motivated by financial interests in allocating the local budget (*APBD*). One example of this is the choice of the budget system. Thus, this research will also analyze the perspective of the *DPRD* in performing reforms and the support given.

The interest of the bureaucrats and the *DPRD* in the reform process can be understand more through the resources allocation done to finance the reforms. There is a possibility that the amount of the resources (funding, personnel, organizations involved, technology and science) will provide indications on the seriousness of the local government in performing the reforms.

¹² The examples of pathologic characteristic are the model bureaucracy of Orwell, Jackson, Parkinson, Bureaucracy Polity, and Bureaucratic Authoritarian Regime

¹³ A rational bureaucracy is the bureaucracy that refers to the bureaucracy characteristic of Max Weber

Another problem that always occurs in the public administration in Indonesia is the weak coordination between the actors involved. This weakness results directly a development model in Indonesia that tends to be sectional—a main characteristic of the New Order regime. The model encourages each sector to plan and to carry out its own function without sufficient coordination. This weak coordination remains a concern today, particularly in the coordination of public administration reform. Therefore, it is very important for this research to analyze each region in applying a coordinative strategy.

1. Bureaucrats Attitudes:

- a. Comparing attitudes towards superiors and customers
- b. How to serve mayors/regents and politicians (post-duty fund)
- c. How to maintain positions in bureaucracy (original people issue, maintaining the existence of institutions, seniority versus competency/senior versus younger officials)
- d. How to manage local government finance (creating local taxes and levies, budget allocation among institutions)

2. Politicians Attitudes:

- a. Bureaucracy reform in the local politics agenda
- b. Relationships with mayors/regents
- c. How to allocate local budget for executive and legislative purposes (hidden budget)
- d. Interference in personnel promotion
- e. Political support for public services (health and education)

4. Response of Civil Society to Public Administration Reform

Reform of public administration does not only focus on the government side of the governance equation. It also seeks to balance reform between governments (executive and legislative) as agents and citizens as principals and between bureaucracies as delivery agents and citizenry as clients. It means that public administration reform should consider democratic issues such as participation, accountability, and transparency, which are embedded in governance concepts. Through this concept, government does not stand alone, but requires other actors, who

come from non-state bodies such as civil society as partners in making and implementing public policies.

Governance issues could be implemented easily if there was a route which shortened the link between policy makers on the one hand and citizens and public service providers on the other. One such shortening route is decentralization, either politically or administratively. Theoretically, decentralization facilitates participation through local population. Decentralization also brings politicians closer to the people, by giving them better information about constituents' demands and making it easier for constituents to control politicians' performance and behavior. However, decentralization does not take place in a vacuum. It occurs in value loaded environment that is heavily influenced by political, economical, social, cultural and historical aspects.

One of the greatest problems in implementing decentralization is state capture. Campos and Hellman (2005) said that at every level of government, state capture may distort political accountability between citizens and policy makers. State capture refers to "actions of individuals, groups, or firms either in the public and/or private sectors to influence the formation of laws, regulations, decrees and other government policies to their advantage through the illicit and nontransparent provision of private benefits to politicians and/or civil servants" (World Bank, 2000).

According to Campos and Hellman (World Bank, 2005) the limited empirical studies that have already been conducted inferred that local governments are more susceptible to state capture than their national counterparts. *Firstly*, state capture thrives in an environment where highly concentrated interest groups---especially powerful firms and families---dominate the market for political influence, and where political competition is weak. Local economies tend to be more homogeneous, more concentrated, and less competitive than the national economy, creating fertile ground for dominant economic actors to engage in state capture. *Secondly*, many of the institutions normally expected to serve as checks on state capture are weaker at the local level than at the national level, especially in developing countries. Local legislature in most East Asian countries typically does not yet serve as a significant countervailing force on the executive. Even more than their national counterparts, these legislature lack technical and support staff, resources, experience, and training.

Thirdly, countervailing powers representing a broader range of public interest, such as the media and nongovernmental organizations (NGOs) are generally less developed in local jurisdictions. Even in large, geographically and linguistically diverse countries such as Indonesia, the main media outlets are highly concentrated in the capital city. At best, an emerging but still loose network of local newspapers and television stations resorts to “selling news for cash” to survive, regardless of its veracity.

One actor within civil society who has big influence in governance is NGOs. There are three types of NGOs in Indonesia (Asian Development Bank, 1999):

a. National-level cooperation/grassroots development

NGOs in this category are concerned with delivering developmental and welfare benefits to their clientele. They do not have an interest in changing or intervening in the political process, although they advocate need of the government to allow people to participate more directly in the processes of development.

b. National-level politics/grass roots development

This category consists of NGOs who are explicitly critical of the government’s development philosophy and practices. Further more, this NGO category advocates both the need to raise community consciousness and the capacity for self-management among particular groups of people. These NGOs seek legal status and protection for their clientele through interaction with government officials.

c. Empowerment from below

NGOs in this category are focused at the local level rather than at the national level. Emphasis is more toward building awareness of rights among people than efforts to change policy.

There are three main causes of conflicts between governments and NGOs in Indonesia: *Firstly*, a complete difference in opinion often exists. Several major questions were begged and each side had a dramatically different answer. For instance: Who was to implement the country’s development and what was the meaning of participation? *Secondly*, the government’s unwillingness to recognize NGOs as partners in development created much friction. *Thirdly*, development projects planned and implemented by NGOs sometimes promised greater and more immediate success than those planned and implemented by government agencies. This can create uneasiness towards NGOs among government officials. Government officials may

consider an NGO as a competitor, and may have difficulty accepting them as partners (Asian Development Bank, 1999).

A similar relationship exists between the government and journalists. Journalist may act as watch-dogs or guards of government policies. When they are watch-dogs, journalists may be critical of government policies. In other words, journalists have a role as controllers. When journalists become guards of government policies, their critical function becomes weak.

When there is a conflict on one side, on the other side there may arise cooperation. This applies not only to NGOs and the media but also to civil society in general. A policy could cause confrontation between government and civil society. However, it could also cause cooperation between them. Concerning this relationship, this study will categorize three kinds of civil society responses to public administration reform. These are critical responses, cooperative responses, and passive responses. Critical responses may occur when civil society takes the opposite view to the government and sometimes it is expressed through protests and critiques. Conversely, cooperative responses may occur when civil society is ready to cooperate with government in areas such as providing resources or implementing projects. Meanwhile, passive responses may occur when civil society does not respond at all to whatever the government is doing.

According to the World Bank Development Report 2004, there exists an accountability triangle to identify aspects of local governance that impact service delivery. These include *client power* (relationships between households and service delivery facilities), *compact/management* (relationships between policy makers, sectoral service delivery agencies, and facilities), and *voice* (relationships between households and policy makers and politicians). This study focuses here on the *client power* and *voice relationships*. Client power usually occurs at the point of service delivery, when clients express their demand for services and in theory can monitor both providers and the supply of services, thus ensuring regular service provision. Voice relationship occurs whenever citizens can hold politicians accountable for their actions and, most importantly, their promises. Using this model, this study will concentrate on how civil society especially citizens, influence public administrative

reform on aspects of governance such as transparency, accountability and participation.

Transparency refers to the citizens' ability to obtain relevant information about the political process correctly and at low costs (e.g. regional regulations, budget decisions), and to be able to identify correctly the responsible decision-makers and their role in the decision-making process. Participation describes the citizens' ability to influence the political decision-making process through various channels. Participation mechanisms include, among other things, the citizens' ability to effectively voice their opinions. Accountability refers to the notion that citizens are able to sanction effectively actions of political and bureaucratic decision-makers, either directly through mass-protest or using mass media and law suits, or indirectly through free elections, and bringing them to the court (judicial system).

From the beginning it has been said that public administration reform should not only attempt to reform the internal conditions of public administration. The reforms must also pay attention to the other side, which is external conditions—how public organizations relate to other actors from outside. From a principal-agent approach, public organizations are agents who have a mandate from the principal to deliver what the principal needs. The principal is, here, the owner of the mandate or the people who receive public services from public organizations. They may be influenced by government policies. Therefore, it is important to consider the relationship between government and civil society in public administration reform.

The external conditions in which a policy will be implemented is also an important factor. The important thing that needs to be understood is the reception of the local government toward suggestions or involvement of actors that come from the outside (community, NGOs, journalists) in performing public administration reform. There is still a dominant opinion among the bureaucrats that public administration is an internal affair of the bureaucracy, and not to be interfered with by outsiders. This opinion is related to Indonesian heritage and its concept of bureaucracy that emphasize the bureaucrats as ruler (*pangreh*) rather than as servants (*pamong*). Nevertheless, since the 1998 reforms, there has been a tendency for several regions to welcome suggestions and even involvement from outside actors in performing public administration reform. This actually rarely happens in the bureaucracy of Indonesia

and therefore is interesting in terms of analysis. The question that needs to be answered is whether the involvement of the outside actors will influence the performance of public administration reform or not. Evidence from several regions shows that when public administration reform is done solely by the bureaucracy, there is a tendency for the result to be worse than when the process involves outside actors. Based on all of the above, therefore, the aspects of the Response of Civil Society that will be analyzed are as follows:

- a. Accessibility to the community of planning processes
- b. Contribution to project implementation (participation or mobilization)
- c. Involvement in local political issues i.e corruption, collusion and nepotism

D. CONTROLLING VARIABLES

The causal relationship of the independent variables with the dependent variables above will be controlled by several variables: the size of local civil services, the size of Local Government organizations, the financial resources of Local Government, and the Local Government environment (economic and political). The purpose of using these controlling variables is to verify the purity of the causal relationship pattern that occurs in several regions used as samples in this research. Since the regional autonomy that is based on Law No. 22/1999 was implemented, there has been significant variation between regions on the number of local civil servants, the size of Local Government organizations, the financial resources of Local Government, and the Local Government environment (economic and political). These variations are supposed to influence how the independent and dependent variables work.

1. Size (number) of local civil services.

This variable explains the total number of the civil servants possessed by the regional government, before and after the implementation of regional autonomy. The data shows that there has been an extreme increase in the number of civil servants after their status is changed from central employees into regional employees. This increase adds to regions' responsibilities, especially in the function division and in finance—though the salary has been distributed through *DAU*. This data does not include the number of the employees who work by contract and have not been promoted as civil servants that add to the region's costs. The excessive number of employees is also

estimated to be disproportional, based on the owned-skill aspect, as there is over employment in certain sectors and a lack of employment in other sectors. Therefore, the aspects that will be studied in this variable are as follows:

- (i) The number of regional employees before and after autonomy and its distribution among institutions
- (ii) The number of the employees who work by contract
- (iii) The characteristics of the employees seen from the educational, age, and hierarchical grade (*golongan*) background

2. Size of local government organizations.

Autonomy gives the region freedom to create its own government units that are appropriate with its needs. Since there is a limitation on the number of bureaus, each region tends to have variations in the types of bureaus. The problem that occurs is whether these types of bureau are in accordance with the function and needs of the region. Another thing is that there are still too many types of positions in the hierarchic structure of regional government bureaucracies. Nonetheless, the number of employees that are still waiting to be placed at a structural position is still in abundance. All of these area burdens on government finance. Therefore, the aspects that are to be observed in this variable are the follows:

- (i) The number of local government institution, in the form of Agency, Board, and Office
- (ii) The function of the institutions and their appropriateness with the region's needs
- (iii) The number of structural positions (echelons), those filled and those vacant
- (iv) The number of official candidates that are still on the waiting list to be placed in a structural position

3. Financial Resources of Local Government.

This variable tries to identify of a region's financial capability, based on the total budget in the last five years and its income sources. The sources of local budget are the Region's Own Income (*PAD*), the Rebalancing Fund that is derived from the General Allocation Fund (*DAU*), and the Special Allocation Fund (*DAK*). The source of *PAD* will also be identified in order to understand the sources of one local

government's finance. Another source of funding is the De-concentration Fund that comes from the central department and is distributed through the provinces. The aspects that will be studied from this variable are as follows:

- (i) The total local budget (2000-2004)
- (ii) The total self incomes (2000-2004)
- (iii) The total of *DAU* and *DAK* (2000-2004)
- (iv) The dominant source of *PAD*
- (v) The De-concentration Fund (2000-2004)

4. Local Government Environment (economic and political).

This variable tries to identify the economic and political conditions of each region which varies greatly. The economic conditions of a region that need to be observed are the sources that supporter the regional economy and their changes. Meanwhile, the political condition that is worth noticing is the political party situation and the participation of civil society, whether the public, NGO's, or local media, and the collaboration of them. Thus, the aspects that are to be seen in this variable are the following:

- (i) The sources of the regional economy and its changes
- (ii) The political party situation

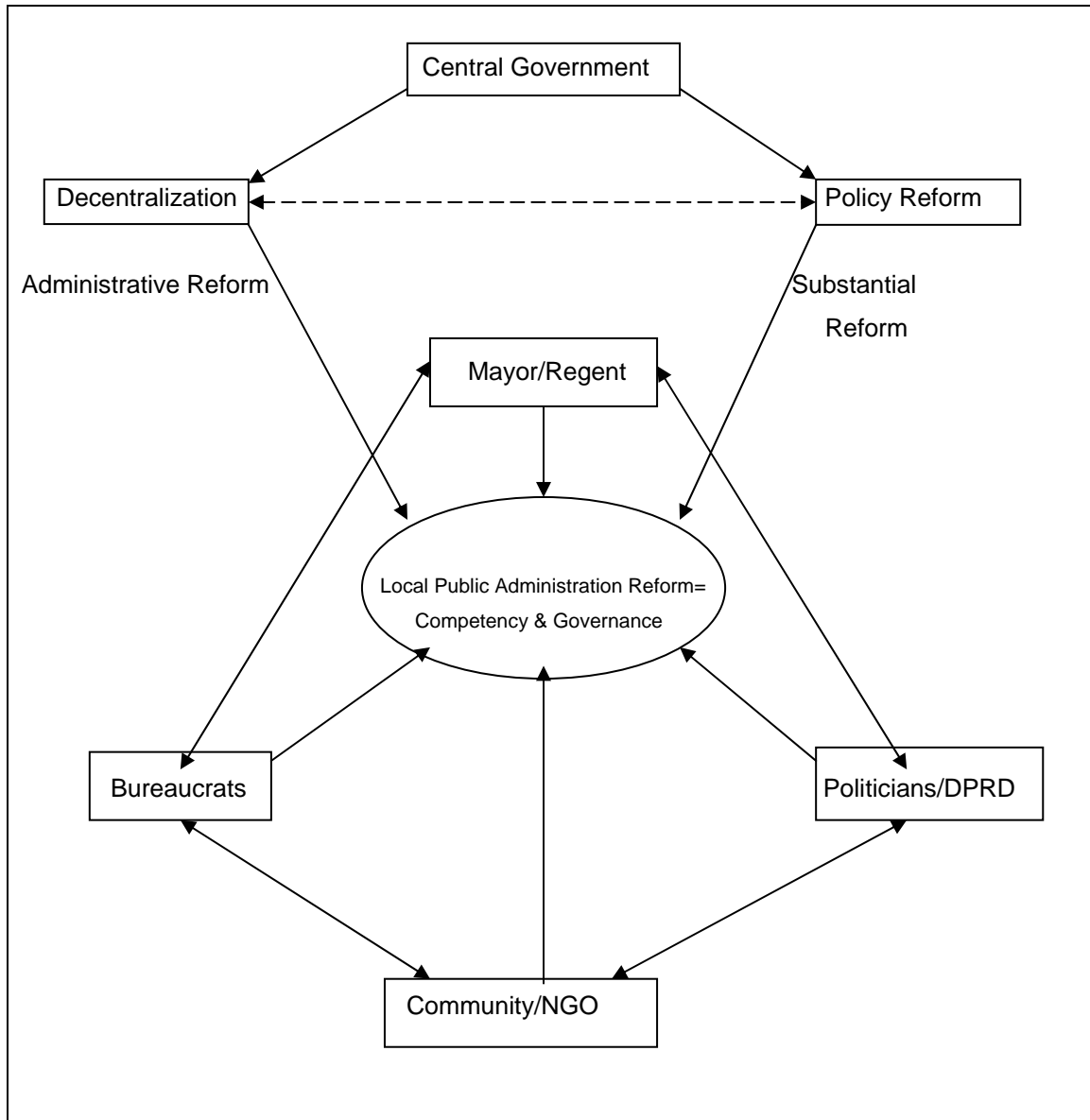
E. CONCEPTUAL FRAMEWORK

The conceptual framework that is utilized in this research is outlined as the following: it is presumed that the performance of Local Public Administration Reform is determined by two major independent variables that are interrelated, i.e. the Central Government Role Variable and the Response of Local Government and its Environment towards the Reform. The Central Government Role consists of two variables i.e. the Decentralization as an Architecture Reform Variable and the Policy Reform Variable. Those two variables do not influence the performance of Local Public Administration Reform directly, but will interrelate with some variables i.e. the Mayor/Regent's Role, the variable of Response of Bureaucrats and Politicians to Local Public Administration Reform: Conflict and Collaboration, and the variable of Response of Civil Society to the Reform.

The research model can be described in Figure 2.1. The performance of the Local Public Administration Reform Variable is settled by two main variables on the macro level (national): the Decentralization as Architecture Reform variable and the Policy Reform Variable. Both variables are supposed to affect performance because, despite the fact that the administration system of Indonesia has already been decentralized to the region, there are still many policies that are made by the central government. In this concern, decentralization emphasizes the administrative reform aspect that changes the basic pattern of how a regional administration system should be managed, including its relationship with the central government. Meanwhile, the Policy Reform Variable focuses on the substantial policy change, in terms of the special authority that has been given to the regions, which at the national level allows the central government the right to dictate a certain policy framework that has to be followed by the regions. The Decentralization Variable and the Policy Reform variable are expected to have a strong relationship that will reduce the incongruity between administration design and the substance of policy that will be implemented.

Both macro variables do not influence the reform performance directly, but by means of variables at the micro level (local), such as the Mayor/Regent's Role. This is possible because the decentralization concept provides the authority to the region to manage its own internal affairs. The Role of Mayor/Regent is a variable that needs to be noticed because the patrimonial bureaucracy system of Indonesia places the head of region as a leader that always needs to be obeyed. The other variable is Conflict and Collaboration between Politicians and Bureaucrats. This variable recognizes how the regional administration as a political body (*DPRD*) and as an administrative institution (Bureaucrats) responds to the policies that come from the central government. Both the Mayor/Regent's Role variable and the Response of Politicians and Bureaucrats variable possess a strong cohesiveness according to the command hierarchy of the administration structure. The last variable is the Response of Civil Society to Local Public Administration Reform, which has the objective of understanding interaction between the local government actors and stakeholders in the reform process.

Figure 2.1: Conceptual Framework



Thesis:

- In conditions where bureaucracy is considered as the main agent in social change, local public administration reform performance is determined by the convergence between administrative reform and policy reform.
- The performance of local public administration reform depends mostly on the role of the Regent/Mayor. The role in fact becomes very apparent when, on one hand, the Central Government is unable to create policy clarity and certainty in administrative or substantial policy reform. On the other hand, political actors (*DPRD*) lack the ability to supervise bureaucracy effectively.

- c. There is not any evidence that proves that the success of local public administration reform is supported by the local politicians since they are not interested in placing local public administration reform in their political agenda.
- d. Collaboration that happens between the bureaucrats and politicians (*DPRD*) is only artificial because in reality they are exploiting each other to maintain their own interests. In this collaboration, the bureaucrats are more cunning than the politicians in avoiding political tricks in public policy that could result authority misuse.
- e. Civil society's access to public administration reform policies is limited. Both the bureaucracy and the politicians often use the existence of civil society, especially the NGOs, to give pressure to each other when the conflict of interest between them worsens.

F. RESEARCH METHOD

This research takes the form of qualitative research and is conducted both as an experiment and as an exploration toward some cases that have occurred in public administration reform at the local level in Indonesia. It is an experiment because it tries to apply some theories that have been used to analyze public administration reforms in other places. It is also an exploration because it tries to observe intensively several unique cases that can be used as fresh material in developing new theories.

The qualitative research method is useful in getting closer to the reality of the complexity of public administration reform. The research, however, does not avoid data which came from statistics data processing such as data from the Governance and Decentralization Survey (GDS) I, 2002 and GDS I+, 2005. The objective of utilizing this statistic is to strengthen qualitative data analysis.

Data was collected falls into two categories; primary data and secondary data. Primary data was collected through in-depth interviews and field observations. Hence, respondents who are from local (district) level are: Mayors/Regents, City Managers, The Head of Local Parliament and its members, The Head of the Regional Personnel Board, The Head of the Regional Financial Board, The Head of the Regional Planning Board, The Head of the Organizational Division, The Head of the Development Administration Office, The Head of the Unity for Nation and Safety for Community

Office, The Head of the Health Office, The Head of the Education Office, The Head of the Health Community Center, The Head of the Population Affairs Office, the community, and NGOs. In addition to the local level, the research also traces data from the central government. Some central government respondents are officials from The Director of Local Autonomy Affairs of The Ministry of Home Affairs Republic of Indonesia and also and The Head of Personnel Sub Directorate of the State Personnel Empowerment State Ministerial.

Other primary data comes from previous research includes GDS I (2002) and GDS I+ (2005), Indonesia Rapid Decentralization Appraisal I-IV 2001-2004 (IRDA) and Citizens' Charter Project. Some data for this research primarily uses data findings from GDS I that was carried out in 150 regencies/municipalities, including 6 research districts that have been selected for this dissertation, from 20 provinces in Indonesia and was started in 2002. Meanwhile, GDS I+ was started in 2005¹⁴. The author use GDS data as primary source because the author was a member of the GDS I, 2002 team and was responsible to make some questionnaires for different respondents, to supervise data collecting and processing. The author and the member of the team also have responsible to write books and policy briefs which were published from the GDS I data. Those books that have been published are: the first is "*Reformasi Tata Pemerintahan dan Otonomi Daerah*", and second is "*Teladan dan Pantangan Dalam Pelaksanaan Otonomi Daerah*". In GDS I+, 2005, the author also gave contribution in making questionnaires design. Other research source was Indonesian Rapid Decentralization Appraisal (IRDA I-IV) during 2001-2004 which was funded by The Asia Foundation (TAF). The author was a member of the team that was responsible to collect data and make research report primarily for Kulon Regency and some other

¹⁴ GDS was designed as part of a bigger project namely Indonesian Decentralization Empirical Analysis (IDEA). As all parties are committed, the survey is also designed as a panel survey using the 2002 GDS as a base line survey. These provinces were purposively selected out of 26 provinces; while selection of these regencies/municipalities was conducted by simple random sampling (53 percent from the whole regencies/municipalities). There are two types of respondent, household and non-household. The total household respondent is 60 people which are randomly selected based on multi stage sampling with the smallest cluster is village/kelurahan. The non-household respondents consist of 36 people, which are purposively selected representing 21 different types of institutions. They are bureaucrats (District Head/Mayor and its deputy and also the apparatus), local parliament (legislative), NGOs, journalists, judges and attorneys, and businessmen. Data in this research is divided into two groups namely the implementation of decentralization policy data (perception, capacity, commitment, organizational structure, personnel, fiscal, public service, alleviation, and environment) and local governance data (participation, transparency, accountability, rule of law, equity, efficiency and effectiveness, conflict management). This research was conducted by Centre for Policy and Population Studies (CPPS) University of Gadjah Mada, funded by World Bank and Partnership for Economic Growth (PEG) USAID.

areas. The Citizens' Charter Project (2002-2004)¹⁵ also contributes some data in this dissertation because the author was a member of the team which has responsibility as project designer and supervisor in Prajan Municipality and Alit Municipality.

The secondary data gathering is based on administrative documents, news and some previous research related to local public administration reform such as Indonesia Family Life Survey 2002 (IFLS), research results from Master of Public Policy and Administration UGM, The Indonesia Public Administration Institution (LAN), Social Monitoring and Early Response Unit (SMERU) Indonesia and other research results from World Bank and UNDP as well as other previous research.

The research also intends to choose a number of regencies/municipalities to be explored more in order to answer the research question proposed. The regency/municipality selection criteria is based on the natural resource possessed, the level of resident socio-economic advancement that is observed from the level of education, political dynamics seen from party conflict and participation of civil society, and Regent/Mayor status (social and economical background) before being elected. The important thing is that those regions are also GDS I regions, hence the results analysis from GDS I will strengthen analysis from in-depth interview results. These selected regencies/municipalities are the following:

Table 2.5: Research Districts

Provinces	Type of Districts	
	Municipality	Regency
Prajan	Prajan	Giri
Central Java	--	Kulon, Anom
East Java	Alit	Wetan

Besides those districts, the research quotes some cases in other districts which have similarity to cases in six districts. The purpose is to strengthen data analysis with the result that data description is more valid.

¹⁵ The Citizens' Charter Project was a pilot project to implement the concept of citizens' charter in public services primarily in health and civil registration services (identity card and birth certificate). This project was conducted by Centre for Policy and Population Studies (CPPS) University of Gadjah Mada during 2002-2004 and funded by The Ford Foundation in three regions Prajan Municipality, Alit Municipality and one region in Central Java Province.

Technique of data analysis is a qualitative analysis. First, the analysis uses nationally data results which come from statistics data processing primarily from GDS I (2002) and GDS I+ (2005). In addition, data from other research (World Bank and UNDP) is used to strengthen GDS data finding, as comparison available international cases are included. Based on the GDS data, the author analyze data to describe the contemporary conditions resulting from the degree and extent of local public administration reform conducted in Indonesia, which has resulted from Law Number 22/1999 and Law Number 25/1999 that initiated local public administration reform in Indonesia. The nationally data, then, is generated into local level which intend to know “what was happening” in local public administration reform. This step pass through analysis of the number of cases occurring in research districts location by using in-depth interview results and qualitative data from previous research, IRDA I-IV and Citizens’ Charter. Finally, it can be concluded explanation for each variables and relationship between Independent Variables and Dependent Variable are or relationship among independent variables.

CHAPTER III

DESCRIPTION OF THE RESEARCH REGIONS

The description of the research area in this chapter is also a description of the Control Variables used in this research. The Control Variables used include the Size of the Civil Service, the Size of Local Government Organizations, Local Government Financial Capacity, and Local Government Environment (Economic Potency and Political Dynamics).

A. Local Government

1. Civil Service

The amount of civil servants in the Giri Regency in December 2004 was 13,017 people with various educational backgrounds. The amount has increased approximately 45% from the previous number before the local autonomy was implemented, i.e. 9,322 people based on the January 1999 data. The December 2004 data shows that approximately 35% of the civil servants in the Giri Regency have at best completed a high school diploma while the other 65% have completed a university degree, be it a three-year Diploma, a Bachelor, or a Masters. Most of the civil servants that are working after the implementation of local autonomy are working as teachers. Thus it is expected that, based on the institutional distribution, most of the civil servants (65%) are in the Education Agency.

Differing from the situation in the Giri Regency, the amount of civil servants in the Prajan Municipality in December 2003 was 8,417 people. Based on the education level, approximately 55% of the civil servants have at best high school diplomas, and the other 45% possess three year Diploma, Bachelor, or Masters degree. Most of the civil servants in Prajan work as teachers that are structurally under the Education Agency.

Compared to the two Locals above, the amount of civil servants in the Anom Regency is bigger: 16,811 people in December 2004. The amount has drastically increased from the amount before the implementation of the local autonomy in 2000, i.e. 3,685 people. The increase is caused by the reassignment of approximately 12,000 teachers that used to work for the Central Government to work for the autonomous

Local. Therefore, it is likely that the amount of the civil servants that work for the Education and Culture Agency in Anom is the greatest compared to the amount of servants in other agencies. On average, both before and after the implementation of the local autonomy, the civil servants possessed high school diplomas (approximately 40%).

The Kulon Regency also experienced the same drastic increase. In 1999, before the implementation of the local autonomy, the amount of the civil servants was 4,573 people; in 2004, after the implementation, the amount increased to 13,560 people. However, the increase in the amount of civil servants unfortunately was not followed by an increase in the educational standard. This is proved by the fact that most of the civil servants have at best high school diplomas. Approximately 80% of the transferred civil servants work as teachers.

Among the Locals that are the object of this research, Alit Municipality is the Local with the narrowest territory. However, from 1999 to 2004, the amount of civil servants tripled. By the end of 1999, the amount of the civil servants was 1,193 people; by 2004, the amount had increased to 3,143 people. Most of the civil servants work as teachers. Based on the education level, until 2000, the composition of the civil servants was still dominated by high school graduates (approximately 50%). However, since 2001, in line with the Municipality Government policy to improve the quality of human resources by offering the civil servants a chance to obtain a higher education, the amount of civil servants that has Bachelor and Masters Degrees increased almost 30%. Nonetheless, based on the real number, civil servants that have those degrees place the highest position.

The amount of the civil servants in the Wetan Regency also increased drastically after the local autonomy was implemented. In 1999, the amount was only 3,705 people; but by 2004 it quadrupled to 12,699 people. According to the latest number, approximately 40% of them still have at best high school diplomas; 30% have three year Diploma degrees; and the rest have at least Bachelor degrees. The amount of civil servants that have Masters degrees is only 1%. As in the other Locals, the composition of the civil service is still dominated by those who work as teachers (67%).

2. Local Government Organization Structure

Before the implementation of the local autonomy, the organization structure of the Giri Regency was the following:

- (1). Municipality Manager Office that includes a Municipality Manager, three Assistants (Government, Development Administration, Administration), and four-teen Divisions (Government Administration, Village Administration, Social Order, Law, Economy, Program Arrangement, Social, Living Environment, Employment, Finance, Organization, Public Relations, Equipment)
- (2).Local House of Representatives Secretariat
- (3).Agencies: Public Works, Health, Education, Forestry, Plantations, Farming, Husbandry, Local Income, Industry and Trade, Labor Force, and Mining
- (4).Board: Local Development Planning Board
- (5).17 Districts
- (6).Local-Owned Corporations: Market Bank, Local Water Supply Corporation
- (7).Offices: Education and Culture; Traffic and Land Transportation; Irrigation; Social,

The arrangement of organization has undergone several changes. In 2003, the latest form of organization was as follows:

- (1). Municipality Manager Office that includes a Municipality Manager , three Assistants (Government, Development, Administration), nine Divisions (Government Administration, Village Administration, Law, Economy, Development Administration, Public Welfare, Organization, General, and Public Relations)
- (2).Local House of Representatives Secretariat
- (3).Agencies: Settlement, Local Infrastructure, and Transportation Agency; Irrigation, Mining, and Natural Disaster Prevention Agency; Farming and Forestry Agency; Commerce, Industry, Cooperation, and Investment Agency; Health Agency; Education Agency; Social, Labor Force, and Family Planning Agency; Civil Service Police and Public Order Agency; Culture and Tourism Agency

- (4).Boards: Local Development Planning Board, Local Controlling Board, Local Finance and Wealth Management Board, Local Land Control Board, Local Personnel Board and Local Public Hospital
- (5). Office: Local Library and Archive Office, Telecommunication and Information Technology Office, Environmental Impact Control Office, Market Management Office, Citizen Registration and Legal Certificate Application Office, and Work-Training Office
- (6).Seventeen Sub-Districts (*Kecamatan*)
- (7).Local-Owned Corporations: Market Bank, Local Water Supply Corporation
- (8).Thirty one Local Technical Operation Units

Meanwhile, in the Prajan Municipality, since the implementation of local autonomy, the arrangement of the Local Government organization has not really changed. The organization of local personnel that has been used since 2000 is as follows:

- (1).Municipality Manager Office that includes a Municipality Manager , three Assistants (Government and Development, Law and Organization, Administration), Finance Division, Employment Division, Government Administration Division, Development Division, Economy Division, Law Division, General and Equipments Division, and Public Relations Division)
- (2).Local House of Representative Secretariat
- (3).Agencies: Farming and Animal; Economy; Market Management; Art and Culture Tourism; Labor Force and Transmigration; Health; Education and Teaching; Social Welfare and Community Empowerment; Land; Municipality Planning and Development; Municipality Infrastructure; Sanitation, Gardening, and Funeral; Transportation; Social Order; Population and Civil Registration
- (4).Boards: Internal Controlling Board, Local Development Planning Board, Local Personnel Board, Local Finance Management Board, Local Public Hospital
- (5).Offices: Fire Office, Environment Impact Management Office, Public Safety and National Unity Office, Archive and Electronic Data Processing Office,

Local Tax Services Offices, Sports Youth and Women's Empowerment Office, and Public Relations Office

(6).Fourteen Sub Districts

(7).Forty five Village

(8).Local-Owned Corporations: Market Bank, Local Water Supply Corporation

The structure of organization listed above was still in place at the end of 2004, though there has been a change in Government Regulations, i.e. Government Regulation No. 84/2003 was replaced with Government Regulation No. 8/2003. Both regulations govern the organization of local personnel.

Before the implementation of local autonomy, the structure of organization in the Anom Regency was as follows:

(1).Municipality Manager Office that includes a Municipality Manager, four Assistants; Finance Division, Employment Division, Government Administration Division, Development Division, Economy Division, Village Administration Division, Law Division, General and Equipments Division

(2).Local House of Representatives Secretariat

(3).Regent's Assistant

(4).Local Development Planning Board

(5).Agencies: Local Income Agency; Health Agency; Fishery Agency; Tourism Agency; Husbandry Agency; Public Works Agency; Market Management Agency; Sanitation and Gardening Agency; Farming and Food Agency; Plantation Agency; Education and Culture Agency; Traffic and Land Transportation Agency; Forestry and Land Conservation Agency

(6).Sub-Agencies in the Sub-districts

(7).Local-owned corporations

(8).Anom Administrative Municipality

(9).Sub districts

(10). Villages

After Law Number 22/1999 was issued, the structure of organization was altered to become the following:

- (1).Municipality Manager Office: Municipality Manager , three Assistants, Government Division, Organization Division, Equipments Division, Development Administration Division, Law Division, Economy Division, Social Division, General Division
- (2).Local House of Representatives Secretariat
- (3).Agencies: Public Works Agency; Education and Culture Agency; Farming and Population Agency; Transmigration and Work-Force Agency; Cooperation, Commerce, Industry, and Community Empowerment Agency; Local Income Agency; Social Welfare and Health Agency
- (4).Boards: Local Development Planning Board; Local Controlling Board; Local Personnel Board; Local Financial Management Board
- (5).Offices: Public Relation and Information Office; Library and Archive Office; Living Environment Office; Civil Services Police Office; Transportation Office; Market Management Office; Population and Civil Registration Office; Family Planning Office
- (6).26 Sub-districts
- (7). Villages
- (8).Local-Owned Corporations: pharmacies, Local Water Supply Corporation

In the Kulon Regency, before the implementation of local autonomy, the structure of organization was almost the same as in the other locals:

- (1).Municipality Manager Office: Municipality Manager ; three assistants; Finance Division; Employment Division; Government Administration Division; Program Arrangement Division; Economy Division; Village Administration Division; Law Division; General and Equipments Division; Public Relation Division
- (2).Local House of Representatives Secretariat
- (3).Local Development Planning Board
- (4).Agencies: Local Income Agency; Education and Culture Agency; Tourism Agency; Public Works Agency; Health Agency; Fishery Agency; Husbandry Agency; Food Farming Agency; Sanitary and Gardening Agency; Forestry

- and Land Conservation Agency; Plantation Agency; Market Management Agency; Traffic and Land Transportation Agency, Labor Force Agency
- (5).Offices: Electronic Data Processing Office, Local Treasury Office
- (6).Local Public Hospital
- (7).Sub-districts
- (8).Villages
- (9).Local-Owned Corporation: Market Bank, Pharmacies, Local Water Supply Corporation

By 2004, the structure of organization changes to becomes as the following:

- (1).Municipality Manager Office: Municipality Manager ; three assistants; Finance Division; Government Administration Division; Development Administration Division; Economy Division; Village Administration Division; Law Division; Organization Division; General and Equipments Division
- (2).Local House of Representatives Secretariat
- (3).Boards: Local Development Planning Board; Local Controlling Board; Training, Education, and Personnel Board; Electronic Data Processing and Communication Information Board; Local Public Hospital Management Board
- (4).Agencies: Local Settlement and Infrastructure Agency; Health Agency; Farming Agency; Commerce, Industry and Cooperation Agency; Mining, Water, and Energy Resource Agency; Education Agency; Fishery, Husbandry, and Marine Agency; Transmigration and Labor Force Agency; Forestry and Environmental Impact Management Agency; Social, Public Safety, and National Unity Agency; Community Empowerment and Family Planning Agency; Transportation Agency, Art, Culture, and Tourism Agency
- (5).Offices: Local Income Office; Local Treasury Management Office; Civil Registration Office; Market Affairs Office
- (6).Civil Service Police Unit
- (7).Sub-districts
- (8).Villages

(9).Local-owned corporations: Market Bank, Pharmacies, Local Water Supply Corporation

Meanwhile, the development of the amount of institution in Alit Municipality based on their type can be seen in Table 3.1

Table 3.1: The amount of Local Institutions in Alit Municipality between 2000-2004

No	Institution	Year				
		2000	2001	2002	2003	2004
1.	Municipality Manager Office	1	1	1	1	1
2.	Local House of Representatives Secretariat	1	1	1	1	1
3.	Agencies	10	12	12	13	12
4.	Deconcentrated Government Offices (Branch of Ministry), equal to Agencies	11	-	-	-	-
5.	Boards	-	4	5	5	6
6.	Department Offices (Branch of Board at National level), equal to Board	3	-	-	-	-
7.	Local Public Hospitals	1	1	-	-	-
8.	Offices	2	-	-	2	3
9.	Local-Owned Corporation	1	1	1	1	1
Total		30	20	20	23	24

Source: Alit Municipality Local Finance Agency, 2004

The table shows how the Alit Municipality Government reorganized its institutions. It can be said that there is not any drastic change in the amount of the institutions organized, especially in the amount of agencies, boards, and offices. According to data from 2003, the agencies that exist in this Municipality are the Health Agency; Education Agency; Labor Force and Social Welfare Agency; Family Planning and Community Empowerment Agency; Farming Agency; Public Works, Settlement, and Territorial Infrastructure Agency, Income Agency; Small-Middle Business Development and Cooperation Agency; Living Environment Agency; Transportation Agency; Tourism and Communication Information Agency; Population and Civil Registration Agency; Industry and Commerce Agency. The Offices that exist are the Local Treasury Office and the One Stop Services Office. Meanwhile, the boards that exist are the Local Controlling Board; Local Development Planning Board; Local

Personnel Board; National Unity, Public Safety and Civil Service Police Board; and Hospital Health Services Board.

In contrast, an increase in the amount of local institutions occurs in the Wetan Regency Government. Table 3.2 shows that before the implementation of local autonomy, the amount of local institutions was 21; it increased to 32 institutions after the implementation of local autonomy. This increase also happens to the amount of agencies, rising from 12 to 15, and to the amount of boards, rising from 1 to 7. The agencies that existed before the implementation of local autonomy are the Health, Sanitation and Gardening, Education and Culture, Farming, Plantation, Income, *Binamarga* Public Works, Husbandry, Forestry, Local Traffic and Land Transportation, Fishery, and *Ciptakarya* Public Work Agency. After the implementation of local autonomy, the agencies that exist are the Farming; Husbandry; Marine and Fishery; Territorial Infrastructure; Settlement and Living Environment; Forestry and Plantation; Education and Culture; Health; Income; Social Welfare; Mining and Energy Industry and Commerce; Labor Force and Transmigration, Information and Tourism; Transportation; and Cooperation and Small-Middle Business Agencies. The only board that existed before the implementation was the Local Development Planning Board; after the implementation it was added to with the Local Controlling Board, Local Research and Development Board, Public Information Board, National Unity and Public Safety Board, Public Health Implementation Board, and Local Personnel Board. Before the implementation of local autonomy, the offices that existed were the Political and Social office, Village Community Development office, Legal Certificate Application office, and the Regency Territory Inspectorate office. After the implementation, the offices that existed changed into the Civil Service Police Unit Office, Population and Legal Certificate Application Office, Local Treasury Office, Electronic Data Processing Office, Farming Instructor Information Office, and the Local Asset Office.

Table 3.2: The amount of the Local Institution in the Wetan Regency

No	Institution Variety	Year	
		1999	2000
1	Municipality Manager Office	1	1
2	Local House of Representatives Secretariat	1	1
3	Agencies	12	15
4	Boards	1	7
5	Offices	4	6
6	Local Public Hospitals	1	1
7	Local-Owned Corporations	1	1
	Total	21	32

Source: Organization Division, the Wetan Regency Government, 2005

3. The Local's Financial Capacity

The Local's financial ability can be measured from the percentage of the Local Original Income (*PAD*) as a percentage of the total income of the local budget (*APBD*). In the structure of the *APBD* in Indonesia, Local Original Income consists of Local Tax, Local Retribution (levies), Local Business Profit, and other Local Original Income. Based on this fact, the amount of Local Original Income is often used as the basic of the analysis of the Local's financial ability. Considering existing Local's financial abilities, to measure financial ability the following categories are used: a percentage below 10% is low; 11% to 20% is medium; over 20% is high.

In the Giri Regency, since 2000, every year the amount of *PAD* has always increased. The table shows that overall the finance sources of the Giri Regency Government still depend on the funding given by the central government. The amount of *PAD* that serves as the measurement of the Local Government's financial ability never increases far beyond 11%. The Local Government still depends on the financial subsidies from the central government that is given in various forms, including autonomous local subsidy, *DAU*, profit sharing, etc. The Following table, Table 3.3, shows the increase:

Table 3.3: The Giri Regency Finance Capacity

Year	Total PAD	APBD (Income)	Percentage
99/2000	Rp 17.125.444.712,00 (1.489.169 €)	Rp 126.225.669.590,00 (10.976.145 €)	13%
2000	Rp 17.889.883.435,46 (1.555.642 €)	Rp 128.038.616.420,94 (11.133.792 €)	14%
2001	Rp 29.571.153.214,43 (2.571.404 €)	Rp 308.531.584.637,09 (26.828.833 €)	10%
2002	Rp 36.607.798.493,10 (3.183.286 €)	Rp 365.491.640.738,68 (31.881.781 €)	10%
2003	Rp 52.972.697.477,69 (4.606.321 €)	Rp 452.878.625.018,10 (39.380.750 €)	11%
2004	Rp 53.919.261.011,00 (4.688.631 €)	Rp 448.970.861.011,00 (39.040.944 €)	12%

Source: data is processed from several sources

In the Prajan Municipality, in the last five years, the percentage of Local Original Income toward the *APBD* (income) was always higher than in Giri. Table 3.4 below shows the financial capacity of the Prajan Municipality.

Table 3.4: The Prajan Municipality Finance Capacity

Year	Total PAD	APBD (Income)	Percentage
99/2000	Rp 24.790.128.183,92 (2.155.663 €)	Rp 97.505.252.908,02 (8.478.717 €)	24%
2000	Rp 22.452.952.250,89 (1.952.430 €)	Rp 104.476.181.815,83 (9.084.885 €)	21%
2001	Rp 40.352.592.890,43 (3.508.921 €)	Rp 243.769.299.493,98 (21.197.330 €)	16%
2002	Rp 56.377.459.398,89 (4.902.387 €)	Rp 303.020.070.537,68 (26.349.571 €)	18%
2003	Rp 68.621.564.311,07 (5.967.092 €)	Rp 338.630.761.654,14 (29.446.153 €)	20%
2004	Rp 80.303.501.905,99 (6.982.913 €)	Rp 369.649.879.034,51 (32.143.467 €)	22%

Source: data is processed from several sources

On average, the percentage in the Prajan Municipality annually is 20%. This is the highest percentage among the local government in the Special Province of Prajan. Based on this percentage, this Local can be categorized as a Local with a medium to high income level.

In the next table, Table 3.5, the Anom Regency shows a lower financial ability compared with other Locals. The table shows that the financial ability of the Anom Regency is lower than the financial ability of the Giri Regency and the Prajan Municipality. The average percentage of the *PAD* toward the *APBD* is only 4.5%, meaning the Anom Regency belongs to the category of Locals with a low income.

Table 3.5: The Anom Regency Finance Capacity

Year	Total <i>PAD</i>	<i>APBD</i> (Income)	Percentage
99/2000	--	--	
2000	6.598.582.386,00 (573.789 €)	126.579.028.742,00 (11.006.872 €)	4%
2001	13.832.059.409,00 (1.202.787 €)	331.562.595.321,00 (28.831.530 €)	4%
2002	17.519.438.716,00 (1.523.429 €)	387.763.520.553,00 (33.718.567 €)	5%
2003	22.288.967.164,00 (1.938.171 €)	499.848.534.469,00 (43.456.089 €)	5%
2004	27.177.367.787,00 (2.363.249 €)	502.035.809.731,00 (43.655.287 €)	5%

Source: data is processed from several sources

The Kulon Regency also experiences the same situation. This Local belongs to the category of Locals with a low income because the average percentage of *PAD* toward the *APBD* during the period is only 5.3%. The next table, Table 3.6 shows the situation:

Table 3.6: The Kulon Regency Finance Capacity

Year	Total PAD	APBD (Income)	Percentage
99/2000	6.047.840.000,00 (525.899 €)	96.316.901.000,00 (8.375.382 €)	6%
2000	5.554.377.000,00 (482.989 €)	98.678.785.000,00 (8.580.763 €)	5%
2001	7.833.403.000,00 (681.165 €)	154.825.796.000,00 (13.463.112 €)	5%
2002	13.088.070.000,00 (1.138.093 €)	321.918.737.000,00 (27.992.933 €)	4%
2003	23.488.940.000,00 (2.042.516 €)	388.670.622.000,00 (33.797.445 €)	6%
2004	25.628.745.000,00 (2.228.586 €)	417.756.799.000,00 (36.326.678 €)	6%

Source: data is processed from several sources

The Alit Municipality, as seen in the next table (Table 3.7), has a better percentage of *PAD* toward the *APBD* compared to the Anom Regency and the Kulon Regency. In the 2001 budget, the percentage decreases. However, the decrease was caused by a drastic increase in the employee payment budget as a result of the transfer of employees from the central to the local government. Slowly, year by year, the amount of *PAD* increased so that by 2004 it reached 10% of the total income of the 2004 *APBD*.

Table 3.7: The Alit Municipality Finance Capacity

Year	Total PAD	APBD (Income)	Percentage
99/2000	-	36.042.871.000,77 (3.134.162 €)	-
2004	17.508.069.511,79 (1.522.440 €)	173.148.085.580,79 (15.056.355 €)	10%
2003	14.659.717.019,95 (1.274.758 €)	163.399.781.394,95 (14.208.676 €)	9%
2002	11.741.291.163,37 (1.020.981 €)	145.607.385.917,41 (12.661.511 €)	8%
2001	5.801.695.867 (504.495 €)	102.168.621.427,85 (8.884.227 €)	6%
2000	3.285.039.237 (285.655 €)	31.480.891.621,66 (2.737.468 €)	10%

Source: data is processed from several sources

During the same period, in contrast, the Wetan Regency has a low percentage of *PAD* toward the *APBD*. From 1999 to 2004, the percentage never goes above 5% of the total income of the *APBD* (see Table 3.8). In the 2004 budget, the percentage decreases to only 3% of the total income of the *APBD*. This situation occurs because the Local received a very high income from the *DAU* as a consequence of the authority transfer.

Table 3.8: The percentage of the Wetan Regency *PAD to APBD* (Income)

Year	Total <i>PAD</i>	<i>APBD</i> (Income)	Percentage
99/2000	5.274.537.000 (458.655 €)	91.583.771.800 (7.963.806 €)	5%
2000	5.053.679.265 (439.450 €)	104.192.741.852 (9.060.238 €)	4%
2001	9.654.780.000 (839.546 €)	266.717.503.977 (23.192.826 €)	3%
2002	13.402.037.653 (1.165.394 €)	337.115.916.577 (29.314.427 €)	4%
2003	15.667.540.000 (1.362.394 €)	330.089.665.011 (28.703.449 €)	5%
2004	20.674.787.400 (1.797.807 €)	397.538.287.187 (34.568.546 €)	5%

Source: data is processed from several sources

B. Local Relief

1. Economic Ability: Gross Local Domestic Product (*PDRB*)

The annual average economic growth of the Giri Regency from 2000 to 2004 was 4.29% based on the 1993 constant price. This growth was higher than the economic growth of the Prajan Special Local Province between 2000 and 2002 which was only 3.56% on average annually, and even than the national economic growth between 2000 and 2003 was only 3.98% on average annually. Based on the measurement of the percentage of change of the Gross Regional Domestic Product (*PDRB*) toward the 1993 constant price, business fields that gave large contributions to the increase from 1999 to 2003 are Commerce, Hotels, and Restaurants (18.30%); Services (17.19%); Manufacturing Industries (16.24%); and Farming (13.76%). The economic growth resulted in increase in the per capita income of the Giri Regency

people. From 2000 to 2003 per capita income increased 2.05% on average annually based on the constant price. Moreover, if compared to the 1999 per capita income, the 2003 per capita income increased significantly by 8.41% based on the 1993 constant price. The conversion of the per capita income growth percentage into Rupiah results in Rp. 3.5 million (300 €) in 1999, and Rp 5.5 million (500 €) in 2003 based on the official conversion rate. Based on the Human Development Index measurement, Giri Regency experienced an increase in 1999 to 70.08 and an increase in 2002 to 73.11. This last number places the Giri Regency on the 27th rank from 300 regencies/cities in Indonesia.

The economic growth in the Prajan Municipality in 2003 reached 3.98%. This number is higher than that of 2002, which reached only 3.26%. In Rupiah, the *PDRB* of this Municipality based on the 1993 constant price was Rp. 1.309.434 (120 €) in 1999 and Rp 1.602.184 (145 €) in 2003. The economic growth in the Prajan Municipality results especially from growth in the commerce, hotel, and restaurant sectors, and the transportation and communication sectors. Both sectors are the main economic sources of the Municipality. In 2003, the first sector grew 6.43% and the second grew 6.55%. In 1999, based on the 1993 constant price, the per capita *PDRB* was Rp. 3.281.724 (310 €); in 2003, increasing to Rp. 4.084.714 (400 €). The Human Development Index (HDI) of this Municipality in 1999 was 73.4 and 75.3 in 2002. The HDI number places the Prajan Municipality as one of three Locals that have the highest HDI in Indonesia.

The aggregate economic growth of the Anom Regency during the period 1999 to 2003 was 3.19% on average annually, based on the 1993 constant price. This number was lower than the national economic growth between 2000 and 2003 that reached 3.98% on average annually. Measuring the *PDRB* growth based on the 1993 constant price, it was found that the business sector that increased drastically was the farming sector. It increased from 16.47% in 1999 to 4.62% in 2003. In 1999, three sectors that contributed greatly to the *PDRB* are the Building/Construction (9,63%), Drinking Water and Electricity (8,23%), and Transportation and Communication sectors (6,92%); however, in 2003, the sectors changed to Land Digging (13,30%), Building/Construction (8,51%), and Drinking Water and Electricity (8,19%). In 1999, the Anom Regency per capita *PDRB* was Rp. 933.040,23 (90 €) based on the 1993

constant price and increased to Rp 1.053.576,55 (100 €) in 2003. In that period, the per capita *PDRB* increased 2.50% on average annually. From 2001 to 2003, the increase in the Anom Regency Human Development Index was not significant. It increased from 68,29 in 2001 to 69,69 in 2003. Nonetheless, this number is still included in the category of upper-middle class.

Between 2000 and 2003, the Kulon Regency's economic growth based on the 1993 constant price averaged a 3.12% increase annually. In 2003, the growth reached 3.77%. However, this number was much smaller than the amount reached in 2000, i.e. 4,67%. Three business sectors contributed most to the *PDRB* in 2003, based on the 1993 constant price, are the Drinking Water and Electrics (6,43%), Building and Construction (5,88%), and Mining and Digging (5,28%) sectors. This situation did not change, including its rank, from 2002. Converted to Rupiah, the amount of per capita *PDRB* in 2003 based on the 1993 constant price was Rp. 817.251,28 (80 €). This number increased from 1999 only Rp. 703.724,47 (70 €) in 1999. Averaged from 1999 to 2003, the per capita *PDRB* growth was 3,68% annually. The Kulon Regency is, Human Development Index in 2000, placed it at the 13th rank in Central Java Province, with 68,81%. In 2001, it decreased 64,03% and fell to the 29th rank in Central Java. The decreased was caused by a natural disaster that influenced the health level of the people in the Kulon Regency. However, until 2003, the amount of the HDI in the Kulon Regency was not able to return to the amount achieved in 2000, i.e. 68,08%.

In 1999, the Alit Municipality's economic growth based on the 1993 constant price was 0,66%. This static economic growth was resulted from the political conditions after the political reform of 1998 and the 1999 General Election that crippled the local government's ability to pacify the social-political conflicts occurring in society. The low economic growth is resulted in the 1999 net per capita *PDRB* growth of 0,08%. The next year, 2000, after the political turbulence was pacified, the economic growth increased rapidly to 4,18% and in 2003 to 4,29%. The per capita *PDRB* growth also increased to 3.87% in 2000 and to 3.84% in 2003. The growth of the per capita *PDRB* also affected the Human Development Index. The political turbulence in 1998 proved to affect the amount of the HDI: in 1996, the amount was 72,40; however, in 1999, it decreases 6,88 point to 65,52. The decrease especially

affected the purchasing power of the people. Thus, it can be inferred that in 1999, Alit Municipality belonged to the category of lower-middle class. The decrease also happened to the other Regency/Municipality in the East Java Province; on average, the decrease reached 7.24 points. Though it experienced a decrease, Alit Municipality ranked first in East Java. In 2004, however, it fell to second rank. Meanwhile, from the distribution of the *PDRB* percentage based on the 1993 constant price, it was found that in 1999, the commerce, hotel, and restaurant sectors still ranked first (19%) followed by the services sector (18%) and the communication and transportation (17%). In 2003, the pattern changed: the communication and transportation sector was ranked first (20%), followed by the commerce, hotel, and restaurant sector (19%), and the services sector (17%).

In 2000, the Wetan Regency which is located near to the Alit Municipality but with greater territory, reached 2.32% economic growth. The amount is smaller than the amount reached by the Alit Municipality in the same year. The economic growth of the regency increased to 2,87% in 2001, rose to 3,7% in 2002, and finally, reached 4,27% in 2003. The last number mentioned nearly equals the amount of the economic growth in Alit Municipality that reaches 4,29%. The instability of the economic growth was caused chiefly by the farming sector, which between 2000 and 2003 always was the biggest contributor to the Wetan Regency *PDRB*, i.e. approximately 47%. Other sectors that also contributed greatly besides the farming sector are the Commerce, Hotel, and Restaurant sector, Services sector, and the Gas, Drinking Water and Electrics. Nonetheless, the contribution of the farming sector is decreasing in time. The decrease in this sector was caused by national economic turbulence that was related with the national food price, and by the rapid reduction of farming land that was used for settlements, offices, and industrialization. From the measurement that was based on the 1993 constant price, it was found that although the Wetan Regency per capita *PDRB* did increase, it did not show any significant increase: in 2000, it reached Rp. 1.041.877,35 (100 €); in 2001, it increased to Rp 1.209.542,74 (115 €); then in 2002, it became Rp 1.253.208,73 (120 €) and finally, in 2003, it reached Rp 1.305.555,24 (127 €). Meanwhile, the Wetan Regency HDI in 1999 was 60,62. It ranked the 17th in East Java. However, the last HDI data from 2003 indicated a tendency for the amount to decrease.

2. Political Vivacity and Civil Society

The Giri Regency is a Local that is very dynamic with many famous universities located there. The total population is relatively high. Most of them are migrants, majority consisting of university students that come from different ethnic groups. Their existence has carried positive consequences to the native people, in both whether in social and economic aspects. The consequence that is often felt is the educational level of the population that is above the average educational level in Indonesia. Many social, economic, and political problems, at the local or national level, are often analyzed as the object of study by some groups of people in this Local. Thus, this critical attitude of the people in this Local often forces the local government institutions to act carefully in making and implementing policies. Nevertheless, the political climate in the Prajan Special Local Province tends to be stable¹⁶.

Meanwhile, political party vivacity in this Local does not differ greatly from the other Locals in Indonesia (see Table 3.9). As the ruling party, in the 1999 General Election, *PDIP* (Indonesian Democratic Party of Struggle) showed its domination in the seat allocation for the members of the *DPRD* (Local Representatives Council) by gaining 15 seats or a third of the allocated seats, followed by PAN (National Mandate Party) which gained 8 seats and PKB (National Awakening Party) which gained 6 seats. The party that had always ruled before, *Golkar* Party, fell to the fourth position. In the 2004 General Election, the amount of seats gained by *PDIP* decreased to 10 seats. The decrease was caused by the emergence of several new parties that also lowered the credibility of the *PDIP*. The high number of political parties that gained seats in the *DPRD* shows the variety of interest affiliation in society.

¹⁶ There have been several analyses that try to understand why the political stability in Prajan Municipality is relatively more controlled than in other Locals. The main factor that causes this condition is predicted to be the existence of the king that is still honored by the Javanese people. Furthermore, the fact that Javanese people always prefer to maintain harmony than to create conflict defuses the possibility for an unbeneficial social or political conflict to happen. Another possible explanation for the condition is the sufficient educational level of the people that makes the critical attitude of the people in responding to different social-political issues more mature they are not trapped in the political interests that lie beyond.

Table 3.9: Seat Distribution for Members of the Local House of Representative in the Giri Regency

No	Party	Seats Allocation in the General Election in	
		1999	2004
1	PDIP	15	10
2	Golkar Party	5	6
3	PAN	8	7
4	PKB	6	7
5	PKS	1	6
6	PBB	1	-
7	TNI/ <i>Polri</i>	5	-
8	Democratic Party	-	3
9	PKP	1	-
10	PPP	3	4
11	PDS	-	1
12	PKPB	-	1
	Total	45	45

Source: Giri Regency DPRD Secretariat, 2005

Not so far different from the Giri Regency, the Prajan Municipality also has a very high social-political vivacity (see Table 3.10). This is due to the diversity of the population that comes from many districts in Indonesia. In this Local, there are also many colleges that differ in their science field specification. The number of conflicts between party supporters in this district is high. However, the conflict can often be resolved at the party elite level or mass level. The seats allocation for the members of the Prajan Municipality Local House of Representatives consecutively is as the following: *PDIP* gained 15 seats in the 1999 General Election and decreased to 11 seats in the 2004; *PAN* gained 9 seats both in the 1999 and in the 2004¹⁷; *Golkar* gained 4 seats in the 1999 and increased to 5 seats in the 2004; support for the PKS changed, the number of the seats increased from 1 seats in the 1999 General Election to 5 seats in the 2004; Another newcomer party that is closely related with the figure of the contemporary Indonesian President, SBY, Democratic Party, gained 4 seats.

¹⁷ Prajan Municipality becomes the base Local of the National Mandate Party (*PAN*) supporters because, historically, *PAN* was founded by Muhamadiyah figures such as Amien Rais, formerly the chief chairman of Muhamadiyah.

Table 3.10: Seat Allocation for Members of the Prajan Municipality Local House of Representative

No	Party	Seats Allocation in the General Election	
		1999	2004
1	PDIP	15	11
2	Golkar Party	4	5
3	PAN	9	9
4	PKB	2	-
5	PKS	1	5
6	PBB	1	-
7	TNI/ <i>Polri</i>	4	-
8	PDKB	1	-
9	PKP	1	-
10	PPP	2	1
11	Democratic Party	-	4
	Total	40	35

Source: Prajan Municipality DPRD Secretariat, 2005

Political vivacity in the Anom Regency is also high. In the 1999 General Election, this district became the base Local of the Indonesian Democratic Party of Struggle (*PDIP*)¹⁸. This was seen in the 1999 General Election in which *PDIP* gained 23 seats or 51% of the 45 seats available in *DPRD* (see Table 3.11). Thus, they were able to place their member as the elected Regent in the 2000-2005 periods. The strong support from this district towards *PDIP* is related to the district history. In the Sukarno era, this district was the base of the nationalist group which subsequently spread to the village and become the most popular party in this district. As the representation of the “*Wong cilik*” (lower class people) party, most of the members of parties with seats in the *DPRD* come from the lower class people. Unfortunately, most of them had such low Human Resource capabilities that they often could not carry out their functions in

¹⁸ *PDIP* is formerly known as the Indonesian Democratic Party (*PDIP*). This party is a collaboration of several nationalistic parties and several minor religious parties of the 70's. As a party that is nationalistic, this party carries a large influence of Sukarno, the first president of the Indonesian Republic. Since the first General Election in 1971, it was always placed in the lowest position of seats allocation, under the *Golkar Party* and the United Development Party (*PPP*). After their Central Office in Jakarta was attacked by a group of people from the party that were considered to be the supporters of the ruling government, many people, especially the lower class people, showed a large amount of sympathy for this party. The attack was presumably supported by the military and the government. After the attack happened, an internal conflict happened in the party between the people who supported and who rejected the leadership of Soerjadi, who was considered to be a follower of the ruling government. The group of people who rejected them founded a new party called the Indonesian Democratic Party of Struggle that was led by the Sukarno's daughter, Megawati Soekarnoputri, who then became the fifth president of the Indonesian Republic after the Consultative Assembly (*MPR*) issued a note of no confidence to the previous president, Abdurahman Wahid.

the *DPRD*. This lack of capability, added to the awful behavior that was shown by those seated in the parliament, commonly made the public lower their expectations of this party. As a result, in the 2004 General Election, the party lost 5 of its seats and gained only 18 seats. Several new parties then appeared, such as the Prosperous Justice Party (*PKS*) and the National Mandate Party (*PAN*), offering solutions to sensitive issues such as *KKN* (corruption, collusion, and nepotism), lack of transparency, and lack of accountability. They gained many seats in the *DPRD*. Another party that still needs to be considered is the *Golkar* Party that during the New Order regime was always the ruling party. Although it does not rule anymore, the *Golkar* party still has many traditional voters that are loyal to the party. The conflict that often occurred at that time was the conflict between the *PDIP* supporters and the *Golkar* supporters.

Besides the political parties, a power that needs to be considered in this Local is the civil society, especially the NGOs. Although they have not been well coordinated, many NGOs were founded after the 1998 Reform and have commonly fought issues that related with the implementation democracy, justice, war on *KKN*, and the empowerment of poor people. Among those NGOs, some lead people in the fight against the practice of *KKN* that occurs in the bureaucracy and parliament. In fact, in 2005, there was an NGO that reported some digression practices of the bureaucracy to the Corruption Fighting Commission (KPK) in Jakarta. This is a sensitive issue and often causes conflict within the bureaucracy.

Table 3.11: Seat Allocation for Members of the Local House of Representatives in the Anom Regency

No	Party	Seats Allocation in the General Election in	
		1999	2004
1	PDIP	23	18
2	Golkar Party	4	7
3	PAN	6	7
4	PKB	3	4
5	PKS	1	5
6	PBB	1	-
7	TNI/ <i>Polri</i>	5	
8	Democratic Party	-	1
9	Freedom Party	-	1
10	PPP	2	2
	Total	45	45

Source: Anom Regency DPRD Secretariat, 2005

Another political vivacity that is similar or probably harder than in the Anom Regency is the political vivacity in the Kulon Regency. However, whilst the number of PDIP seats decreased in the Anom Regency, in the Kulon Regency, the number of the *PDIP* seats in the *DPRD* increased from 16 seats in the 1999 General Election to 19 seats in the 2004 General Election (see Table 3.12). The increase is believed to be caused by the ability of the Regent who is a member of *PDIP* to attract sympathy from the lower classes that live in many impoverished areas in this regency. Although there are many nationalist supporters in this district, the religious National Awakening Party (*PKB*) and *Golkar* must also be considered. These parties have sufficient members in the *DPRD*, who are frequently critical and in disagreement with the Regent or the other bureaucracy officials. Often, the disagreement has to be settled with bargaining or voting as part of the decision-making process. As conflicts of interest often occur, the relationship between the Regent, the bureaucracy officials and the *DPRD* is not very harmonious.

Besides the political parties, another power that is also growing rapidly in the society is NGOs. NGOs frequently encourage people to protest against the Regent and the bureaucracy because the executive is considered to have practiced *KKN*, to have made unfair decisions or to have ignored the village and the lower class people. This last issue is the most common issue supported by the NGOs with the support of village officials, especially those concerned with fair profit sharing between village and regency.

Table 3.12: Seat Allocation for Members of the Local House of Representatives in the Kulon Regency

No	Party	Seats Allocation in the General Election in	
		1999	2004
1	PDIP	16	19
2	Golkar Party	5	7
3	PAN	2	4
4	PKB	9	7
5	PBB	1	-
6	TNI/ <i>Polri</i>	5	-
7	Democratic Party		3
8	PPP	5	5
9	PNU	1	-
10	PKP	1	-
	Total	45	45

Source: Kulon Regency DPRD Secretariat, 2005

The Alit municipality has played an important role in the history of PDIP. It is a small Municipality, consisting only on three districts, in which Sukarno, a figure that is idolized by many *PDIP* supporters, was born and buried. Nonetheless, in the 1999 General Election, *PDIP* only gained 40% of the seats in the *DPRD* and in the 2004, it decreased to 28% (see Table 3.13). The decreased is a result of, first, the internal conflict within the *PDIP* structure and, second, from the occurrence of some new emerging parties, such as Democratic party, *PKS* (Prosperous Justice Party), and *PDS* (Prosperous Peace Party). Since this Municipality is one of the important district within the *PDIP*'s history, the party's executives have given much attention to this Municipality. They placed one of their members from the academic world as the Mayor, and formed a coalition with *PKB* to have one of its members to be the Vice-Mayor. The relationship between *DPRD* and the Regent with its bureaucracy officials in 1999 to 2004 was very harmonious and no significant political conflict occurred.

The conflict that occurs is often conflict between executives and a small group of NGOs that is always in disagreement with the Mayor. The NGOs frequently advocate issues to do with Local government transparency and accountability. Though there are some NGOs that are in disagreement with the government, a greater number of NGOs have become government partners in Municipality development. The success of the Alit Municipality Local Government in inviting the civil society group to be involved in the process of development has often received reward in the provincial and the national level.

Table 3.13: Seat Allocation for Members of the Local House of Representatives in the Alit Municipality

No	Party	Seats Allocation in the General Election in	
		1999	2004
1	PDIP	10	7
2	Golkar Party	4	4
3	PAN	1	-
4	PKB	4	5
5	PBB	1	-
6	TNI/ <i>Polri</i>	3	-
7	Democratic Party	-	3
8	PPP	1	3
9	PKS	-	1
10	PKP	1	-
11	PDS	-	1
12	PKPB	-	1
	Total	25	25

Source: Alit Mayor LKPJ, 2005

As its twin brother, the Wetan Regency has the same pattern of the political party power as the Alit Municipality. The three major parties in this Local, both in the 1999 and the 2004 General Election are *PDIP* (Indonesian Democratic Party of Struggle), *PKB* (National Awakening Party), and *Golkar* Party. Observing the supporters of two major parties, *PKB* and *PDIP*, two social groups emerge, *Santri and Abangan*, that each represents the nationalist and the religious power. Both groups are also represented by the Regent and the Vice-Regent who were elected in 2000. The critical attitude of society in responding to the executive and legislature's policy appears in many forms. In several cases where corruption has infected all level of the bureaucracy, the critical attitude often appears from the people. The disclosure of *KKN* practice in the Local cannot be separated from the critical attitude of the officials in the bureaucracy.

Table 3.14: Seat Allocation for Members of the Local House of Representatives in the Wetan Regency

No	Party	Seats Allocation in the General Election	
		1999	2004
1	PDIP	17	16
2	Golkar Party	7	8
3	PAN	1	2
4	PKB	13	12
5	PBB	1	-
6	TNI/ <i>Polri</i>	5	-
7	Democratic Party	-	5
8	PPP	1	1
9	PKS	-	1
	Total	45	45

Source: Wetan Regency *DPRD* Secretariat, 2005

CHAPTER IV

ILLUSION AND FACT WITHIN

LOCAL PUBLIC ADMINISTRATION REFORM

This chapter will explain the national data relating to the public administration reform performance on the level of Municipality and regency by using the data that is taken from the 2002 Governance and Decentralization Survey I (GDS) research conducted in 150 cities/regencies in Indonesia¹⁹, and from the 2004 GDS1+ data conducted in 34 cities/regencies as well as data taken from other research results and sources. The presentation of the data will apply the descriptive technique on the Figures that show the frequency of the respondents' answer in relation to five fields of public administration performance, namely planning, organization, financial, and personnel system. The nationally data, which comes from statistical analysis (GDS and other resources), will be compared with the qualitative data from the research regions to find what exactly happened in those regions. The research regions data will apply the descriptive technique on stories and original speaking of respondents/informants as well as observation results. Before this comparison, analysis will be started with the description of public administration reform policies at a national level since the New Order until the political reform period; and then the reform strategy from a regional perspective to describe how each local government has defined and formulated its own strategy.

A. Public Administration Reform Policies at National Level

1. Public Administration Reform Policies during the New Order

In the period of the New Order, the government had tried to perform changes in the public administration system through the implementation of policies. The aspect of the bureaucratic organization's life that first became the target of the standardization political policy was the development of the corps' spirit (*esprit de corps*) of the public bureaucracy officials. This principle stated that the loyalty of the public bureaucracy officials was for the country and the government, not for the political party. This bureaucratic mono-loyalty principle was mentioned in the

¹⁹ Those six research regions are also GDS I 2002 regions.

Government regulation No. 6 Year 1970. In the period of the first Development Cabinet, the Minister of State for the refinement and Cleansing of the Government Officials (*Menpan—Menteri Negara Penyempurnaan dan Pembersihan Aparatur Negara*) position was established. The *Menpan*'s duty was to assist the president in refining and cleansing the government.

In 1973, the word *Menpan* was given another meaning—the Minister of State for the alignment of the Government Officials (*Menteri Negara Penertiban Aparatur Negara*), and since 1974 (until 1989) the *Menpan* also occupied the position of the Vice-Head of the National Development Planning Agency (*BAPPENAS—Badan Perencanaan Pembangunan Nasional*). The terms that then often used in the next five years were harmony, conformity, orderliness, unity, and compactness. In this period, since 1977 exactly, an operation was carried out (*Opstib—Operasi Tertib*) acting against those guilty of corruption—especially blackmailing and illegal fare. In the same way with the previous, the policy of the *Menpan* was concentrated on every aspect of administration—institution, employment, execution, and supervision. In the middle of the *Pelita III*, the *Opstib* was stopped because it was considered that the supervision by the supervising institutions had worked well.

Since 1989, early *Pelita V*, *MENPAN*'s activity was seemingly increased. For the first time, the "people's role in the development" was mentioned specifically, after twenty years of development activity that placed the people as an object. The Government tried to stabilize the bureaucratic behavior so that it could sustain more people's involvement and initiation. Another important improvement was the introduction of the Public Administration Court. Though it was considered to be ineffective, in practice, this introduction increased the bargaining position of the people toward the arbitrary bureaucracy. In a wider perspective, this was a positive step toward the democratization process. On the other hand, this could be seen as a higher people-bureaucratic orientation, especially with the existence of the public services practice simplification program.

In 1997, the program was rearranged into the followings²⁰: local (*Dati II*) autonomy modeling, Organization condensation, Zero growth policy, Employee's

²⁰ Samudra Wibawa. 2003. *Negara-Negara di Nusantara*. Rajawali Press, Jakarta, p. 194

career management system stabilization, Public services model, and Working day compression.

In its development, the New Order Administration started to use the bureaucracy as a mobile premium for the national development program. The bureaucratic reform done that time was aimed subsequently at the following:²¹

1. Shifting the administrative authority to the upper echelons in the bureaucratic hierarchy;
2. Making the bureaucracy more responsive to the central authority's will; and
3. Widening the new government's authority to consolidate the control of the regions.

That central government policy had created a centralization of the mobilization and allocation system of the resources that were available in the region, thus limiting the local administration in making policies on regional development.

The bureaucratic rationalization policy could suppressed the growth of the state employees in the 1960-1970 period, which reached 2,7% per year, although it was only 0,1 % fewer than the previous decade. The commitment to run this rationalization and reduction of the state employee did not last longer. The complexity of the development problems that the New Order government had to face created a change in the bureaucratic structure that made the bureaucracy become fat²². In less than one decade of the New Order Administration, the number of the state employee increased rapidly. As comparison, in the early time of the New Order Administration, the number of the state employee was not more than 400,000 people. In 1980, the number increased drastically to 2,074,000 people; and in 1993, it was estimated that it reached 4,009,000 people. From those numbers, an imbalance can be seen between the number of central employees and the regional employees. The number of the state employee in the regional level was only 12,5% (this excludes the central employees who worked in the region), while the central employee reached 87,5% of the total number of the state employees.

The fantastic growth of the state employees brought important consequences. First, the availability of a new working field in the administration, and the services

²¹ Agus Dwiyanto, *et. Al.*, *Reformasi Birokrasi Publik di Indonesia*, Yogyakarta, Pusat Studi Kebijakan dan Kependudukan UGM, 2002, p. 36

²² *Ibid*, p. 37

activity by the government became a necessity. In the New Order Administration period, the government tried to create a working field to accommodate the excessive number of the state employee. The creation of many new structures in the governmental institution, in the center or in the region, was done very rapidly, ignoring the analysis of the organization's need and the competency of the human resources. The employee recruitment to the public bureaucracy was done continuously without any consideration of the specification of the criteria, professionalism, or the organization's needs so that at the end it also created inefficiency in the bureaucratic services practice. Secondly, as a consequence of the excessive number of the state employee, bureaucracy came to dominate public life. The bureaucracy touched almost every aspect of people's lives.

2. Public Administration Reform Policies during the Indonesian's Reform Period

The New Order's authoritative administration under Suharto's power collapsed in May 1998 as a result of the reform movement action. The collapse influenced the life of the Indonesian public administration. Bureaucracy, as a representation of Suharto's power, received much attention and derision at the time of the regime collapse. There were many governmental offices that became the target of demonstrations and riots enacted by the people who were suppressed during the Suharto period.

There are three things that influence many institutional changes in Indonesia. Those three things depict the conditions that became the background of the changes of the old administration (the New Order) into the new one (the Reform Administration). Those three things are as follows: the desire to perform democracy well; the change in the political system, from the single majority into the multiple party eras; and the development of information technology and global rivalry²³.

The Law No. 22/1999 along with other constitutional regulations is meant by the government to change the orientation of the administration practice and the relation between the central and the local government. The paradigm change from centralization into de-centralization has brought a change in the structure of the local

²³ Miftah Toha, *Reformasi Birokrasi Publik Pasca Orde Baru: Perubahan Tanpa Grand Design*, one of the chapters in the *Jurnal Ilmu Sosial & Ilmu Politik UGM*, Volume 4, No 1, July 2000, p. 79.

government organization. As a result, the government issued the Government's Regulation (*PP—Peraturan Pemerintah*) No. 84/2000 that then was changed into the *PP* No. 8/2003, which regulates the governmental official management.

The *TAP MPR No. VI/2002* demands that the president is “to build the structure of the Indonesian bureaucracy that is transparent, accountable, clean, and responsible to the people and to become the people and state's servant, the example and the role model of the people”. Building a bureaucratic culture means that the improvement of the working culture should be done continuously through, for example, learning by doing, and evenly on every professional bureaucrat individual at every career level, in the Center and in the region. It is also important to appreciate the officials' high performance, for example by rewarding fair remuneration. The effort to achieve the purpose was started with the State's Civil Employee Restructuring (*PUPNS—Penataan Ulang Pegawai Negeri Sipil*) that produced the employees' database that was then processed for the improvement of the employee. In the end, it supported the implementation of the *PP* No. 8/2003 on the Organizational Guidance of Regional Official and the *PP* No. 9/2003 on the Authority to install, transfer, and dismiss the State's Civil Employee. Both those *PP*'s are the products of administration reform as the follow up of the Law No. 22/1999 on the local Government.

The *PP* No. 8/2003 to replace *PP* No. 84/2000 on the Organizational Guidance of Regional Official was issued when almost every regional administration finished its governmental organization structure based on the *PP* No. 84/2000. By the issue of this *PP*, the central government is politically trying to limit any inappropriate form in the structure of the regional administration organization that is based on the *PP* No. 84/2000.

The intervention of the central government is considered by some to be return to centralization. Nevertheless, there are many who consider the issue of the policy as a necessary central government initiative. The *PP* No. 84 Year 2000 gives more freedom to the local government to form its organization's structure in accordance with the vision and the mission of the region. The *PP* offers a principle of organization forming that is called structure-followed vision. The local government first decides its region's vision and mission according to the power, weakness,

potential, and treat/challenge faced in the practice of administration, development, and society.

Besides of the structure followed vision principle, the constitution also requires regional officials to form an organization that is based on the “flat in structure-optimal in function” principle. It means that the government needs to encourage the forming of a slender organization that has limited number of structural position and that is more dependent on the availability of the functional position. Therefore, the administration practice function, in line with the vision and the mission of the region, does not have to be accompanied with an excessive number of structural positions, but is more balanced with the functional position.²⁴ The limited account of the local government should also be used maximally on the functional function instead of on the bureaucracy. However, the local governments seem to miss this factor. They cannot understand well the condition of their region that there are many visions and missions of the region that are not based on the strategic management principle that prior on the regional agenda. There are a lot of local governments that put all things as the main thing. Thus, observably, the regional strategic plan (*renstrada—rencana strategis daerah*) is more often formulated without any priority.

B. The Public Administration Reform Strategy in Region Perspective

a. Legal Foundation of the Reform and the Response of the Local Government

Law No. 22/1999 that regulates the Local Government is the highest law in regard to the implementation of regional autonomy. If Law No.22/1999 regulates the implementation in general, Law No. 25/1999 that follows the Law No.22/1999 regulates specifically on the finance relationship between the Local and the Central Government. Both laws provide a big opportunity for the Region to carry out an arrangement in its public administration. The operational implementation of the Laws is divided into several Government Regulations (*PP*) and Ministry Decrees. The arrangement is started by handing several essential authorities to the Region, including authorities in the fields of education, health, public work, work force, living environment, industry and commerce, cooperation, farming, forestry, land, and capital investment (see Article 10 Law No.22/1999). Those authorities are then

²⁴ Suara Merdeka, *Implementasi PP No. 8 Tahun 2003*, Saturday, 28 February 2004

needed to be followed by transfer of personnel, finance, and equipment. The transfer is to distribute the existing resources from the Central Government to the Local Government. Without the transfer of those three matters, the implementation of the authority in each field will be useless because the Region does not have the ability to fulfill the need of personnel, equipment and especially finance.

Based on their response to the Local autonomy, the regions can be classified into two groups. First, the group of regions that is not happy with the autonomy (pessimistic) because they have to deal with many problems in their region. Second, the group of regions that is happy with the Local autonomy (optimistic) because with the autonomy they have the freedom to manage their own domestic affairs. The first group admitted that in the early period of the Law No.22/1999 implementation, the Local autonomy gave their personnel many problems. There were many Local Government personnel that complained because many administration and development matters that had been planned and usually taken care by the Central Government had to be handled locally. The transfer of a large number of authorities to the Local Government that was not matched with the availability of adequate Human Resources, sufficient financial support, solid and qualified organizational structure, makes the transferred authorities burden the region. The following is a statement from a second echelon official in the Kulon Regency:

“If at the time, we were allowed to choose, we would rather have the old system that is centralized. Everything has been decided by the Central Government; we just have to execute it”.

That statement is very reasonable considering that the Kulon Regency is one of the poorest regencies in Central Java. Poverty is not only experienced by the community but also by the government bureaucracy. Judged from the educational level, the government Bureaucracy is deprived of Human Resources. Most of the personnel have only graduated from high school. Five years ago, personnel that had Bachelor or even Masters degree were still very rare. The condition of the local government personnel who were imperfect in capability and in addition had fragile coordination has added to the doubt of the region's capability in managing those authorities.

The public administration got troubled when the civil society powers, especially society and NGOs, that were emerging at the time pressured the

government to achieve certain minimum targets. The excessive demands of the society was a logical consequence of the democracy euphoria that regarded the society as the owner of the highest authority and that obligates the government to become an agent to fulfill the owner's demands. That kind of understanding is not wrong. However, it became biased when it was followed by wishes to revenge the institutions or State's symbols that were considered to be a legacy of the corrupt and oppressive New Order authoritative regime. This kind of situation, in practice, had been used by local political elite that were trying to take advantage in the midst of the uncertainty of the prevailing political and legal system. The proof can be seen in the fact that there were many lands that were being ruled by the government for the public interest that were oppressively taken back by the society because they considered the land acquittal was carried out unjustly and with oppressiveness. Another proof is the illegal lodging that was intentionally done by the society to show their protest toward State's domination in forest control. Many demonstrations in many forms were enacted to protest the bureaucracy and the ruler. This happened from the level of village/residential up to the province, and aimed at the overthrowing of legal authority. The political situation at the time burdened the bureaucracy with excessive demands from society and NGOs.

The challenge that the public administration had to face was increased when the Local House of Representatives (*DPRD*) performed very tight control to the executive and often made policies that were not appropriate with the condition of the region that time. This kind of situation was possible because based on the Law No.22/1999 the *DPRD* was in a higher position than the executive. The *DPRD* has the right to inquire within the Responsibility Report (*LPJ*) from the Regent/Mayor every year. Through this *LPJ* mechanism, the *DPRD* forced its authority to the head of the region. Many Regents/*DPRD* were involved in this kind of game which resulted in collusion, corruption, and nepotism (*KKN*) practice. The extensive authority that *DPRD* possessed frightened many bureaucracy personnel because they felt that what they had done was not appreciated. There were many bureaucracy personnel who were terrified every time the Commission I of *DPRD* summoned them. This fear had even forced some Regents to hold training for their personnel, so they could face *DPRD*. The purpose of this kind of training is to raise the courage

and to train technically the bureaucracy personnel on how to talk with *DPRD*. This kind of situation was completely different from the situation in the era of the centralistic regime. In that era, the executives had the power to dictate their will to *DPRD*.

The position of *DPRD* in that time was based on the Law No. 5/1974²⁵ together with the executive as is the Local Government. It means that *DPRD* is the working associate of the government. Each places an equal position and cannot overthrow the other. To give a short description on the relationship between the executive and the *DPRD* in that era, the following slogans can be considered:

- a. “*DPRD* is the policy-stamping labor of the Local Government”
- b. “*DPRD* is the hammer-man”
- c. “*DPRD*’s job is to come, sit, quietly, and receive money”

Such critical slogans that often appeared at the time were a political reality that was intentionally created through the constitution to pacify the legislative power that functioned as people’s representative institution and an executive controller. This model was a replica of the national governance system. The authority control in the New Order Regime was in the hands of the executive; meanwhile the legislative functioned was only to legitimate the policy that was made by the executive of behave of the people.

The feeble position of the Local Governments that belong to the first group had forced them to absolutely obey many rules that were made by the Central Government as the operational form of the authority that was given to the region. The rules that were commonly in the form of Government Regulation and Ministry Decrees were used by the executive as weapons to repel attacks on the policy carried out by powers outside the government including *DPRD*. The executive used the rules as legal foundation and hid behind them. It was not surprising that the regions that belong to this group were often protected by the rules from the Central Government that were often inconsistent. The public administration in such regions faced a dilemma. On one hand, it was demanded that they show qualified performance; but on the other hand, they had to face the indistinct rules that became the legal foundation for their movements in performing their functions. Public administration

²⁵ Law No. 5/1974 was a Law that regulated the Local Government before it was replaced by the Law No. 22/ 1999 that now regulates the same thing.

in this kind of region in that time commonly experienced desolation, and they became apathetic toward the policies that they made and carried out themselves. Their principle was to let the public administration work as it should: not to let the public services stop or to let the development to undergo. However, they were not concerned with the quality of the policies.

In the group of the regions that were optimistic with Local autonomy, the respond of the personnel was very positive. They considered the autonomy as a blessing. The following is a statement from the City Manager of the Prajan Municipality that could represent this group:

“Basically, we respond to the autonomy positively. We consider it as a sign that the Central Government has started to open themselves to give chance to the regions to manage and to take care their own domestic affairs. That is how we see it.”

Although commonly they admitted that there were some flaws in the Law No.22/1999, especially in the conceptual framework that was not understandable, they also admitted that this Law was more definite in regulating the implementation of the Local autonomy than the previous constitutions.

The regions that belong to this group generally acted more bravely in responding to the indistinctness of the implementation of rules that were formed by the Central Government. Bravery was commonly showed in the form of many local policies that sometimes differed completely from the policy that was made by the Central Government. Bravery appeared in the statement stated by the Giri Regent when he was asked about his reaction toward the conceptual flaw in the Law No.22/1999:

“I play with my feeling and knowledge! Why? Because I am the manager of this region.”

There were many Local Regulations and Regent’s Decree Letters in this region that were made based more on the region’s need than on the Central Government’s requirement. One of the examples of the policies that are related to the public administration was to make land matters fall within, the region’s authority. This was done by making the National Land Bureau (BPN) in the regency become the Local Land Control Bureau that worked under the authority of the Local Government.

Based on the Law No.22/1999, this change is not in defiance because land matters had indeed been given to the region. However, the problem was that the transfer of this authority to the region itself is in contradiction with the Agrarian Principle Law that still considered this authority belong to the Central Government. In addition, the Central Government had also issued a Presidential Decree that emphasized that the authority on land matters belonged to the Central Government.

Another example of the bravery of this region in managing its organizational structure was the retaining of some of the fifth echelon position that based on the *PP* No. 84 Year 2000 had been eliminated. The regent thought that his region still needed the fifth echelon position, especially to be placed in the following positions:

a. Kecamatan (Sub District)

b. Public Health Center UPTD and Workshop UPTD

c. Culture and Education Agency Branch

d. Caretaker of the Junior High School and Senior High School Management.

This fifth echelon was then changed into Coordinator Positions that were given the same structural allowance with the former fifth echelon positions. This was funded by the Local Budget (*APBD*) as the Central Government did not acknowledge the existence of this position, so that the burden had to be carried by the region.

Within the group of the regions that is optimistic about autonomy, the executive attitude toward the *DPRD* tends to be more sincere and brave. Though officially their position is under the *DPRD*, they were braver in proposing their initiatives and their arguments in debate over policies with *DPRD*. This attitude had encouraged the forming of a political balance between both institutions, in which each did not feel to be ruled by the other. This harmonious and lively political relationship encouraged mutual understanding in performing each function, so that a positive partnership was formed. This positive relationship also gave a positive influence to the bureaucracy in performing its duty. In this region the bureaucracy tended to be arranged in a clearer form and with a clearer course. However, it has to be admitted that some of the bureaucracy arrangement had not reached the basic substance of the problems that occurred inside the bureaucracy.

b. Actions taken by the Local Government in carrying out a reform

Though in responding to the Local autonomy there are two different groups of regions, both groups have the same procedure in managing their bureaucracy. The procedural actions commonly completely follow the policy from the Central Government as follows:

b.1) Handing the policy from the Central Government to the institution that is responsible in the policy implementation

In the early stages, after the Local Government received the policy from the Central Government, the Local Government handed the responsibility fully to the institution that had a function corresponding with the policy. Policy concerned with organization and performance improvement, for example, was handed to the Organizational Division; policy that concerned employment was handed to the Local Employment Bureau; policy that concerned finance was handed to the Local Finance and Wealth Management Bureau; policy that concerned planning was handed to the Local Development Planning Bureau (*BAPPEDA*). Each institution works alone; but usually, inside the institution, the policy is given to a person that will comprehend and make the early design. After that, the design will be discussed with the rest of the team in the institution. Sometimes, the design made by a person is the one that is eventually used, because generally the design adopts completely the policy that is made by the Central Government.

b.2) Discussing the design with the Local Autonomy Committee

Each region commonly forms a Local Autonomy Committee that works especially to discuss all of the plans that are related to the implementation of the Local autonomy policy, including the plan to rearrange public administration. The chair of this team is the First Assistance of the City Manager who holds authority over Administration Management. The other assistants, along with the head of *Bappeda*, the head of the Local Finance Bureau, the head of Local Employment Bureau, the head of Division and the head of sub-division of the Administration Management, and the head of Organization and Law division are the members of the team. The team is supposed to have been prepared with sufficient knowledge and

authority to ensure that the result of the meeting could be used as a foundation. However, in practice, the team functions more as a meeting between institutions to share the things that they have done. In addition, it seems that this team is used as a device for the preservation of the interests of the bureaucrat elite, who are threatened by the effort to manage the bureaucracy. When Local Government organizational structure is about to be rearranged, for example, based on the *PP* No. 84/2000 on the Local Personnel Organization, many second echelon officials secretly use the Local Autonomy Team to maintain their institution so that their position will not be eliminated. There are also many officials that try to create new institutions hoping that they will get a new position there. Given the many interest that are played out, the effectiveness of the Local Autonomy Team in performing its duty can be questioned.

b.3) Handing the design to the City Manager to be given input

The design result is then handed to the City Manager as the highest manager beneath the head of the region. The City Manager holds a control function to anything that is performed by his inferior. At this point, he has every right to revise the design by deleting or adding to the content of the policy that has been designed by his inferior. If element of the design are unclear, the City Manager would usually summon the institution that proposed the design to discuss the problem. However, it is very often that the initial design is dominated by the City Manager's subjective ideas. In the regions in which the Head of the Region depends completely on the managerial skills of the City Manager, the design of the reform will be worked by the City Manager while the Head of the Region will only need to put his signature on the finished design. The Anom Regent, for example, because of his lack of capability and knowledge in administration management, often gives the daily administration management to the City Manager, including the designing of the organizational structure of the government. The Regent usually gives only suggestions that will support his interest, whilst not containing any strong argument. Meanwhile, in the Kulon Regency, the situation is slightly different. The Regent often gives the daily administration management to the City Manager. However, this is because the Regent fully believes in the capability of the City Manager a senior bureaucrat in the

Central Java Province. Based on this reasoning, the Regent also often shares his duties more with the City Manager than with the Vice-Regent. The Regent concentrates on the relationship with the external party while the City Manager concentrates on the internal matter.

b.4) Giving the early design to the Head of the Region for approval

Before the design is given to the *DPRD*, the preliminary design is given to the Head of the Region. The head of the region has the authority to completely alter the entire design. The Head of the Region has every right to revise the design by adding or even deleting existing items in the policy according to his preference. When a certain official has a close relationship with the head of the region, he could have the opportunity to influence the policy design by lobbying the head of the region. There was once a case in which in the early design of policy, an agency was dismissed. However, after the design passed the regent, it appeared again. It was suspected that the existence of the agency was preserved because the head of the agency had a close relationship with the regent.

Several things from the design are passed according to the Regent/Mayor Decree Letter (*SK*) and the rest will become Local Regulations. Until today, there actually have not been distinct criteria exists to determine when a policy is supposed to be passed according to a Regent/Mayor Decree Letter or Regent/Mayor Decree, or with Local regulation. Basically, policy that directly concerned with public interest that will burden society or widely affect to the public and that it is a follow up of a higher rules, will have to be approved by the *DPRD*. It means that it will be passed as Local Regulation²⁶. Meanwhile, any policy that regulates the internal public administration and that it is a follow up of the Local Regulation in detailed form is able to be issued as Regent Decree²⁷. Meanwhile, a Regent/Mayor Decree Letter is used to regulate things that are related with the internal management of the bureaucracy²⁸.

²⁶ Examples: The Local Regulation on the Local Government Organizational Structure, Local Regulation on the Public Health Center and Hospital Retribution Fee.

²⁷ Examples: Regent Decree on the further arrangement of the agencies that are merged, the regent decree on the charging procedure of the public health service and hospital retribution

²⁸ Example the Regent Decree Letter on the assignment of Local autonomy committee

b.5) Handing the design to *DPRD* to be discussed and to be passed as Local Regulation

The final step is to hand the Local Regulation design to the *DPRD* to be passed as Local Regulation. After the design is received by *DPRD*, the evaluation of the design becomes very political. Frequently a design that has been composed with rational consideration has to be reformulated entirely after it is discussed with the *DPRD*. This kind of situation is very likely to happen in the regions in which rivalry between the *DPRD* and the Regent/Mayor is very strong. This situation once happened in the Kulon Regency when there was a discussion about the Local Government organizational structure. The Kulon Regent wanted the position of the Head of Communication and Information Bureau to be filled by an official from the Second Echelon. Meanwhile, the *DPRD* thought that the position only required an official from the Third Echelon. It took about two years to settle this conflict. After a long process of bargaining, the *DPRD* agreed to have an official from the Second Echelon as the Head of Communication and Information Bureau. As a repayment, the Regent agreed to divide the Forestry and Farming Agency into two different agencies as proposed by the *DPRD*.

The above procedural steps that are usually similar in every region suggest that the initial idea in reforming the bureaucracy generally comes from the Central Government through the policy that is elucidated in several Government Regulations and Ministry Decrees. Until now, there is no evidence that a region has performed reform of its own initiative subsequent to the issuing of Law No.22/1999. However, this excludes the regions that have undergone a pilot project on the implementation of Local autonomy, such as the Giri Regency. Before Law No.22/1999 was enacted, the region had tried to reform its public administration. Nonetheless, the effort was still initiated by the instruction of the Internal Affairs Department. The centralized governmental system caused every region to depend on the initiative and the policy from the Central Government so that dependency from local governments to the central government was very understandable. In that time, it was not easy for a region to alter the form, the system, or the procedure of its public administration without the permission from the Central Government. The Central Government intended to retain unity in the public administration of the region so that the control

mechanism would be easy; and thus, the efficiency and effectiveness of policy implementation could be achieved.

The above procedural steps show that at a regional level, the process required to simplify the public administration is very difficult. One of the purposes of reforming the public administration is to have an uncomplicated system. However, in enacting the reform of administration, the region is trapped in lengthy procedures. This process is started when the region received the instruction to perform the reform until the reform is performed and legalized with Local Regulation, consumes time, wastes energy, and consumes a massive amount of the region's resources, especially the fund that is used to conduct various discussions and scientific studies that need to invite consultants from outside the Local Government.

The actors that are involved in this lengthy process can be identified in Figure 4.1. From the picture, it can be seen that besides the formal procedures, there are also informal procedures that are involved in the process. These procedures are taken by the institutions, Agency, Bureau, or Office, that are threatened with removal. These informal procedures, the lobbying to be exact, are commonly aimed at the two biggest actors in the region, the Regent/Mayor and the *DPRD*, because both could often determine the future of institutions. From this lobbying, it is also found that there are some who use political parties as a means to influence the reform process. In the next section, there will be an example of cases where bureaucratic officials use political parties to lobby the *DPRD* or the Regent/Mayor. The Local Autonomy Team that actually has a large authority is often unable to resist the lobbying. This causes the team to function more as a communication forum than as an institution that firmly determines the public administration working form and system of the region.

Note:

- : Instruction
- - → : Proposal of Public Adm. Reform Design
-→ : Lobbying

C. Public Administration Reform Component in Various Cases

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appropriate to uphold the public administration performance. By the end, to respond the democratization issues, the public administration must be willing to act transparently in making policy. Thus, a participative planning system is a necessity in responding to these issues.

This section will try to describe how each of these reform components is carried out at the national as well as regional level. Generally, not all of the regions follow the conceptual public administration arrangement model as described above. In practice, each of the public administration components is usually performed at the same time. There is actually nothing wrong with this method. However, the problem occurs when performing the arrangement, because there is almost no coordination between each component: each of them works by itself. With these kind of conditions, it is very difficult to expect a good public administration system as the result of a thorough reform. Meanwhile, some of those reform components can be carried out successfully by the Local Government. Therefore, data will be described from two sides: successful and unsuccessful reform.

1. Organization

It is known that Central Government has issued *PP* No.84/2000 on the Organization of the Local Government. The *PP* allows the regions to manage their organization without any distinct limitations. In the *PP*, it is explained that the elements of local public organization are as the following:

1. City Manager Office: an element of the Province, Regency/Municipality government that is lead by a City Manager who works under and is responsible to the Governor, Regent/Mayor to perform the duty of government executor, administration, organization, and management; and to give administrative services to all Province, Regency/Municipality personnel.
2. Agency: Regency/Municipality/Province Agency is the executor element of the Province/Regency/Municipality government that is led by a Head of Agency that works under and is responsible to the Governor/Regent/Mayor through the City Manager.
3. Local Technical Institution: The Province/Regency/Municipality Regional Technical Institution is a supporting element of the Local Government that is led by

an official who works under and is responsible to the Governor/Regent/Mayor through the City Manager. The Local Technical Institution holds the duty to assist the Head of the Region in performing the Local Government according to its field, in the form of Bureau and or Office.

Less than four years after its implementation, *PP* No. 84/2000 was revised by *PP* No. 8/2003, which regulates same things. However, there are not many regions that apply this *PP* thoroughly. Therefore, the assessment will be based more on the previous *PP*, and some on the revised *PP*.

Successful Reform

The results of the research from the Public Administration Institution (*LAN*) show that the freedom given to the region to manage its organization has resulted in many variations in region organization. On average, each regency/Municipality has 13 units of Agency and 4 units of Local Technical Institution, whether Office or Board. The Table 4.1 gives the description of the average number of every institutional form in the Regency/Municipality, excluding hospital and Regional State-Owned Companies (*LAN*, 2003).

Table 4.1: Total Average of local government institution

Type of Institution	Total average number of institutions in 2003 according to Government Decree No. 84/2000
Agencies	13
Boards	4
Offices	5
Technical Operational Units	34
Assistant of City Manager	3
Divisions	9
Total	68

Source: quoted from LAN, 2003

Table 4.2 below explains the number and kind institutions in local government among the six research districts. The number of institutions hardly changes before and after autonomy, especially institutions which are related to the City Managers Office such as assistant of City Manager and its divisions. There was also little change in local enterprise that is owned by the local governments, which indicates low attention from local government towards entrepreneurship. Meanwhile, the

average number of boards and offices increased after autonomy because most of the vertical institutions (branches of central ministry in the regions) have been handed over to local government and then have become boards or offices. Some of them also have changed into agencies. However, the number of agencies decreased after autonomy. It is a point of success for local governments to decrease the number of institutions because agencies need higher budgets for implementation of their duties.

Table 4.2: Total number of local government institutions among six districts

Institution	Giri		Prajan		Anom		Kulon		Alit Municipality		Wetan Reg.	
	Before	After	Before	After	Before	After	Before	After	Before	After	Before	After
Assist. Of City Manager	3	3	3	3	4	3	3	3	3	3	3	3
Divisions	14	9	8	8	8	8	9	8	7	7	9	8
Agencies	11	9	15	15	13	7	14	12	10	12	12	15
Boards	1	6	5	5	1	4	1	5	4	6	1	7
Offices	4	6	7	7	?	8	2	4	2	3	4	6
Local enterprises	2	2	2	2	2	2	3	3	1	1	1	1

Source: primary data, 2005

GDS I research found that more than 64% of bureaucrats admit that the structure of the Local Government is now simpler than before the Law No. 22/1999 was issued. By contrast, 21% of them admit that the structure of the Local Government is now more complex than before. This difference of opinion happens because there is a difference in counting the number of agencies and the function that exists in each agency. If the number of agencies, boards, and offices were averaged, the result would indeed be smaller than in the previous era. However, if more through study is done, it will be found that in each agency there is an increase of functions. This occurs because some agencies that appear to be eliminated are just merged or transformed into sub parts of other agencies. Therefore, if the number of agencies in the Local Government is counted, the total number will appear to have decreased. However, there is an increase in the number of functions in some agencies.

The LAN research also concludes that in determining the number of agency instrument units and other regional technical institutions, the consideration was

dominated by the availability of regional personnel resources and the wish to provide as many formal positions as possible to give opportunities to improve regional employee careers. This motive is actually considerably rational. However, it becomes irrational because in practice, it is done without considering the competency of the personnel to the prevailing requirements for the positions. There are even many regions that, without any reasonable excuse, use the policy on organization management only to provide good positions for its cronies or groups (nepotism) (*LAN*, 2003).

According to the policy, the promotions in rank are possible four times a year to echelon officials that have not fulfilled the minimum rank requirement in the form of a one-level increase. However, in practice, promotions are often given without considering the competency and the achievements of the officials. *LAN* findings (2003) show that there was a case in which the rank promotion strategy is done intersectingly. An echelon IVa official with a rank category IIc, for example, can be promoted to another position as a IIIa echelon official and raised into rank category IVa after only one year or even less. Then, in another year or less, he can be promoted again to II echelon position in other unit and raised to rank category IVb.

In Indonesia, the public position hierarchy recognizes the existence of an Echelon system. Table 4.3 is the Central Government policy in classifying the echelons of the officials in the regions, starting from the highest, IIa Echelon, until the lowest, IVb Echelon.

Table 4.3: Position and Echelon of Local Government Personnel

Institution	Position and its Organization	Echelon Level in Local Government (Municipality and Regency)
City Office	City Manager	IIa
	Assistant of City Manager	IIb
	Division	IIIa
Agency	Sub Division	IVa
	Chief	IIb
	Bureau	IIIa
	Sub Bureau	IVa
	Division	IIIa
	Section	IVa
	Head of Technical Operation Unit	IVa
Board	Chief	IIb
	Bureau	IIIa
	Sub Bureau	IVa
	Division	IIIa
	Sub Division	IVa
Office	Head of Technical Operation Unit	IVa
	Chief	IIIa
	Sub Division	IVa
	Section	IVa
Sub District	Head of Sub District (<i>Camat</i>)	IIIa
	Secretary	IVa
	Section	IVa
Village	Head of Village (<i>Lurah</i>)	IVa
	Secretary	IVb
	Section	IVb

Source: quoted from State Personnel Board (BKN) Republic of Indonesia, 2003

According to the results of research conducted by LAN (2003), the average amount of public officials based on classifying echelon in the region (Municipality and Regency) is as follows (see Table 4.4):

Table 4.4: Amount average of local public employee

Echelon	AverageTotal Employees
II/a	1
II/b	21
III/a	102
III/b	16
IV/a	467
IV/b	143
Total	750

Source: quoted from LAN, 2003

Based on the table, it can be estimated that every region, including the six research districts, has on average 750 structural positions. This number actually has decreased drastically because since before the regional autonomy was implemented and practiced with PP 84/2000, it was estimated that every region had at least 1500 structural positions. It is an example of successful reform as for a long time, before the New Order regime fell down, bureaucracy had a strong position in the Indonesian political system. In that time, no institution, including those at ministry level could tinker with the number of hierarchic positions in bureaucracy, even though the bureaucracy was inefficient and too large. It is not easy to reform bureaucracy, especially by decreasing the number of structural positions.

Unsuccessful Reform

According to Article 2 of *PP* No. 84/2000, there are several things that need to be considered in forming the Local Government Organization:

- a. The governmental authority that is possessed by a region
- b. The characteristics, the potencies, and the needs of a region
- c. The financial ability of a region
- d. The availability of the personnel resources
- e. The improvement of the co-operational pattern between the regions and/or third parties

Those five things above are the basic factors that need to be considered by every region that will arrange its organizational structure. However, in practice, there are some considerations that are often neglected by the region.

The first consideration is the authority that is possessed by the regions, which indeed becomes the first foundation when they design their personnel organization. From the six regions that are the subject of this research, there is only one region, the Giri Regency that has the courage to revolt from the existing custom by transforming the National Land Bureau (*BPN*) of the region into an autonomous institution, the Local Land Control Bureau (*BPPD*). The idea to alter *BPN* into *BPPD* comes directly from the Regent of the regency. In his opinion, the Giri *BPN* belongs to type-A

(having good performance) and thus can be handed to the region²⁹. This point of view is related to the land philosophy in Indonesia that tends to be socialistic. This is characterized by land possession by many people together whether in the form of local right or personal right. In the Kingdom era, this was the consequence of forest clearing that was ordered by the king. Land usage management, according to the Indonesian ancestors, was to create harmony between the inhabitants of society and the environment (Subiyanto, p.160; 2005)³⁰. The Regent's will to place land under the Region's authority, as mandated by the Article 10 Law No.22/1999, is related to the disappointment of the Regent who is completely powerless in land usage management in his region. Based on its function, *BPN* plays following roles:

- a. The doer of land administration by giving legal certificates to land that is owned by persons or institutions
- b. The controller of land usage management, demonstrated by giving permission to use land for business interests
- c. The improver of the business of land services
- d. The doer of land surveying and mapping

The Regent often worries about function above because it gives *BPN* a large authority in the region while the Regent as the highest leader of the region, does not have any power. The following expresses the irritation of one Regent:

"The point is that the government should be the ruler of the land and the land usage. If I could manage the land, I am the real Regent. I do not understand why people who want to build factory and others have to ask permission from BPN. It does not make sense."

As the result of a bargaining, it was determined that land politics becomes the authority of the Regent, while *BPN* performs land administration³¹. However, the status of *BPN* was changed into *BPPD* and thus it changed into a local autonomous

²⁹ There are three classification types of *BPN*: type A for good performance; type B for average performance; and type C for bad performance.

³⁰ In the Regent's opinion, this land philosophy differs from the one in Europe. In Europe, land is owned by landlords in wide range. The possession is inherited by military power. To support this possession, the feudalism system that gives people a right on land possession becomes relative, especially the right to the farming land that until today is still protected by the valid positive law is created (Subiyanto, p.160; 2005).

³¹ The instruments that are needed to perform land politic are the following: a) Detail plan of the space arrangement and technical plan of the space arrangement; b) The forming of Local Land Bank as the maintainer of the stability of the market land-price; c) The Issue of Regulations on the permit of using land with all of its system; d) Retribution Fee Policy toward land usage zoning, e) the forming of institutions with all of their supportive bureaucracy.

institution. The latest data from 2004 shows that land usage in Giri Regency has changed a lot from a primarily farming area into a residential and industrial area. The change is believed by some people to have diverged from the Space Management Detail Plan (*RDTR*). The deviation is suspected to have resulted from the implementation of the Regent's authority toward land usage management. This is related to the Regent's vision to turn the Giri Regency into become a modern Municipality. Though until now there have not been many complains on this matter, if this condition is allowed, it will change the economic pattern of the Giri Regency that used to depend on farming.

The consideration that is mostly being neglected is the need and the potency of the region. In forming the organizational structure, these things are often neglected, including problems that are faced by the region. There are two reasons for this situation to occur. Firstly, it is caused by the unavailability of sufficient analysis instruments to assess the necessity of an organization based on the need and the potency of the region. Secondly, the forming of the organizational structure is filled by various interests that try to retain the old structure or, on the contrary, to create the new one. The unavailability of a sufficient analysis instrument is the result of the bias that happens in defining the needs, the potency, and the problems of the region. Each region tends to define the need, the problem, and the problem of its region in a very loose and wide way. As a consequence, the institution that is formed grows uncontrollably or is merged with other institutions without good consideration. Generally, the discussion on this matter is done by the personnel only based on their intuition and ignoring scientific studies. When some problems arise, they only then find consultant. The analysis results show that as the result of mistakes of the Local Government in arranging the bureaucracy, the Local Government makes many mistaken policies:

- a. Incongruity between the function of the institution and the need and the potency of the region
- b. Inaptness in choosing the institutional form: Agency, Office, or Bureau
- c. Incompatibility in performing mergers between organizations so that it effects the performance of the institution

- d. Inappropriateness in differing the function that still needs to be handled by the government from the function that could be performed by society

The explanation that follows will describe some examples of many problems local government personnel face based on the above criteria.

a. Incongruity between the function of the institution and the need and the potency of the region

Government institutions are supposed to be formed as a response to the needs and the problems of a region. The data shows that in the regions studied in this research, there still can be found government institutions that are formed without considering these things. An example is the Farming and Animal Agency in the Prajan Municipality. Geographically, this region is an urban area that does not even have farming land. Thus, the jobs and the functions of this agency are questionable. When the reason for forming this agency was asked to the officials from the agency, they answered that the agency does not deal with the production functions of farming because the region indeed does not have any farming land. However, it deals with the distribution function that distributes farming products to society. This reason does not make any sense because there is already an agency that deals with that function, i.e. The Economic Agency with its Industry sub-agency and Commerce sub-agency. The reason also did not make sense because it could be observed that the divisions inside the Farming and Animal Agency still perform the production functions, such as Farming Business and Cultivation Counseling, and Farming Technology Improvement.

Another example happens at the level of Division, which is a sub ordinate of the Local Secretariat, especially the Economic Division. This division still exists in many Local Secretariats. This division does not have any distinct function. This division is not supposed to perform any operational function because there are other agencies that perform these economic functions, such as the Industry and Commerce Agency. However, in practice, this division does perform the operational function and there have been many activity duplications of the technical agencies.

b. Inaptness in choosing the institutional form: Agency, Office, or Board

PP No. 8/2003 explains that an agency is the executor element of the Local Government that carries out the decentralization of authority. Besides Agencies, there are also Local Technical Institutions that consist of Boards and Offices. From the explanation of the *PP*, the Local Technical institutions can be understood as the region's instruments that provide supporting services to the Local Government by providing the study and the input for policy making; planning and supervising local personnel improvement; and so on according to the needs of the region. In other words, theoretically, the function that is performed by the local technical institution is the function of staff or auxiliary (advisory services).

However, in practice, it is not easy to perform these functions. It often occurs that the function turns into an operational function, have to perform the Public or the Social Welfare function. Almost in every region, this function is carried out by forming an Agency instead of a division under the City Manager or an Office. This function actually does not have any special duty because there have been agencies that perform this function, such as the Health and the Education Agency. The Local Government should participate more as an advisor. The regions that have an agency for this function are the Prajan Municipality, the Anom Regency, the Kulon Regency, the Wetan Regency, and the Alit Municipality. The Giri Regency does not have Social/Public Welfare Agency. In this region, the function is handled by the Public Welfare Division that is an institution under the Local secretariat.

c. Incompatibility in performing merger between organizations that affect the performance of institutions

In the early period of the local autonomy implementation, there were still many institutions that performed the same functions. The Family Planning program, for example, is carried out not only by the Family Planning Bureau but also by the Health Agency. In addition, this program is also often inserted in the functions of bodies that deal with farming or cooperation, as a requirement for a farmer or a candidate of a cooperation member to receive incentives from the government.

To avoid the duplication of activity, the Local Government executes a policy to merge institutions that possess functional resemblance. The examples of institutions

that have functional resemblance are the farming, the husbandry, the fishing, the plantation, and the forestry bodies. The functions of the industry, the commerce, and the cooperation bodies can also be merged into a single institution. There is a tendency that in arranging their organization, the regions panic and the merger is done without any strong reason. The next table 4.5 will show how organizational mergers are often done for the wrong reasons.

Table 4.5: Examples of Institution mergers at the District Level

Regency/Municipality	Names of Agencies
Giri Regency	Agency of Settlement, Local Infrastructure and Transportation; Agency of Irrigation, Mining and Natural Disaster Prevention; Agency of Labor Force, Social and Family Planning
Prajan Municipality	Agency of Labor Force and Transmigration, Agency of Social Welfare and Community Empowerment
Anom Regency	Agency of Health and Social Welfare; Agency of Labor Force and Transmigration
Kulon Regency	Agency of Transportation and Tourism; Agency of Water Resources, Mining and Energy; Agency of Labor Force and Transmigration; Agency of Forestry and Environment Impact Management; Agency of Family Planning and Community Empowerment
Alit Municipality	Agency of Information, Communication and Tourism; Agency of Social Welfare and Labor Force; Agency of Family Planning and Community Empowerment
Wetan Regency	Agency of Farming, Animal Husbandry, Marine and Fishery; Agency of Industry, Trade, Mining and Energy; Agency of Local Infrastructure, Settlement and Living Environment

Source: Primary Data

The Local Government cannot be considered to be fully responsible for these kinds of mergers because the policy to merge the institutions that have similar functions is based on Central Government policy that is implemented through the Ministry of Home Affairs and the Ministry of State Personnel Empowerment. Another model that is given by the Central Government and often copied by the regions is the merger of the Labor Force and Transmigration Agencies. The merger of these two agencies results from an understanding on the concept of transmigration as transferring the work force. Actually, the concept of working force should be understood in the context of human resources, while transmigration is a demographic matter. However, in practice, the merger does not cause many problems because previously the Labor

Force Agency only dealt with administrative matter such as recording the total number of the work force, and did not attempt to improve Human Resources. Thus, merging this agency with the transmigration agency does not cause any problems; furthermore, this matter does not in the main concern of the government anymore.

Problems indeed arise when the agencies that are merged actually do not have any functional resemblance, such as happened in merging the Irrigation, Mining, and Natural Disaster Prevention Agencies. In Indonesia, irrigation matters traditionally deal with water provision and irrigation maintenance in the farming sector. Mining is closely related with subterranean natural resources. Meanwhile, natural disaster prevention deals with the safety of society. These three very different matters are impossible to fuse into just one institution because the merger will certainly affect the working mechanisms and the activity coordination of the institution as a working unity; and eventually it will affect the performance of the institution.

Another case occurred in the merger of the Local Infrastructure, Settlement, and Living Environment Agencies. The merger of the living environment agency with the other two agencies makes this institution often have to deal with conflicts of interest. The living environment agency works on saving and preserving the environment while the other two agencies on the contrary, often ignore the environment. The idea to prevent environment destruction from settlement and territorial infrastructure provision in an institution is not effective because both agencies have different missions. The merger of these two agencies is actually aimed at improving determination to preserve the environment; but, in practice, the merger has been contra-productive. This is because the budget that is used to fund both agencies does not come only from the Municipality/Regency *APBD*. The greater part of the budget comes from two departments (ministerial) in the Central Government: the Living Environmental Ministerial and the Territorial Infrastructure and Residential Ministry (*Kimpraswil*). Because the governance system in Indonesia still tends to be centralized, this process, to combine two different budgets from two different sources in one department, can be considered as the most difficult thing to do in the history of Indonesian public administration.

These phenomena show that there has actually been no serious effort by the Local Government in Indonesia to reform its organization. The slogan is “flat in

structure but optimal in function”, actually only works in the mind of the scientists and not in the policy makers in the Local Government (lip service). The policy makers are often afraid that they will lose the support from the elites in the Local Government and political world if they have to eliminate an organization that has existed for long time. In one side, they have to deal with the pressure from the Central Government and the public to simplify the organizational structure; while on the other side, they have to maintain support from the political and bureaucratic elites. These two different interests are unified by merging the organizations. The concept of merger here is the maintenance of existing organizations by turning them into sub-agencies, for example the Farming, Husbandry, Marine, and Fishery Agency that contains the Farming sub agency, the Husbandry sub agency, the Marine sub agency, and the Fishery sub agency. There are at least three reasons that cause the acculturation of the departmental culture during the regional autonomy implementation that was based on the Law No. 22/1999 to not run well: a) a larger amount of the budget that is used to fund the projects of the sub-agencies still comes from the department in the central government through the de-concentrated fund and not from the *APBD* of the Municipality/Regency; b) some of the personnel that are employed in the sub-agencies come from the Central Government departments and they still carry their own culture; c) some of the personnel that come from the Central Government departments still consider themselves better (smarter) than the regional personnel. As the result of these conditions, the coordination between sub-agencies or agencies becomes difficult. In fact, this difficulty in the merger process results directly in the overlapping or vacuums of activities in the department.

d. Inappropriateness in differentiation between the functions that still need to be handled by the government and the functions that could be performed by society

The concept of merger, that manifest in appearance only, as revealed in above, raises a question on the function of the government: does the government still have the same functions as in the previous period? Or in other words, is government hegemony still needed now? The change that occurred in society, especially in the ability of society to organize and to fulfill its own needs, affects the government's functions. The government should not have to perform all of its functions anymore (steering rather

than rowing). However, in Local Government organizational reform in Indonesia, this has not happened at all. This is proved by the fact that the Local Government still retains the form of the institutions, such as agency with its sub agencies that implement government authority. The functions that should have been handed to society are the social, the communication and information, and some of the economic functions.

Social functions, such as social-welfare improvement and counseling, could be given to society because there have already been many NGOs that were able to deal with these things. It would be better if the government focused more on the poor people and the abandoned children as mandated in the 1945 Constitution. The communication and information functions that are fully controlled by the government will constrain the freedom of communication that is now growing in the society. This freedom is a necessity for the growth of democracy. Meanwhile, some economic functions that can be given to society are cooperation matters. Because the basic idea behind this matter comes from society's need, it is appropriate to give the function to society. As for the planning function, the government needs to reevaluate the function that becomes the main symbol of government hegemony to the people to become more than just the existence of a government organization (the planning function will be explained in the sub division of planning).

Besides those four problems, another organizational issue that is also interesting is the function of the deputy Mayor/Regent in regional governance. In the Indonesian bureaucracy, a deputy of the head of a region only came to exist after the implementation of Law No. 22/1999. This position was indeed designed for political purpose, to become a balancing power between the political parties in *DPRD* and the Head of the region. By installing a person from a different political party as its deputy, the Mayor/Regent is hoping to find support from *DPRD* in his/her policy. This effort is reasonable, considering that the head of the region is responsible to *DPRD*. This condition is different from the condition under the previous law, the Law No. 5/1974,—the law placed the head of the region in a higher position than *DPRD*. Is the deputy really able to perform its function in practice? All of the six regions that become the subject of this research admit that the deputy of the head of their region plays a role more as the supervisor and controller of development. Nonetheless, from the six regions, it is only the deputy Mayor of the Prajan Municipality that appears to

have performed his job successfully. The deputies in the other regions do not seem to undertake any important activities than other to represent the head of the region in official project initiation ceremony or other ceremonies activities. Most of the heads of the regions tend to entrust more to the City Manager (*Sekda*) than their deputy because the *Sekda* is considered to have more experience in government management. Thus, it is reasonable that the *Sekda* is often more popular than the deputy of the head of the region.

The political function of a deputy also often becomes ineffective. It often happens that during his/her period, the deputy becomes disloyal to his party. An example of this is as what happened in the Kulon Regency. In this Regency, the deputy Regent that belonged to the National Awakening Party (*PKB*) often has opposed ideas from the members of *DPRD* that come from the same party. Instead of supporting his/her party, the deputy often backs the Regent that comes from the Indonesian Democratic Party of Struggle (*PDIP*). As the result, the strategy that was actually aimed at building an alliance between *PDIP* and *PKB* cannot work well. This condition often creates a deadlock in the policy making process in Kulon. This once happened in the process of the Regional Strategic Plan (*Renstrada*) composition. The process dragged on for three years. The cause was a principal difference between the Regent and *DPRD* in determining the region's vision. The *DPRD* that was influenced by *PKB* wanted to put a religious element in the region's vision, while the Regent did not consider it to be necessary. In addition, there were also some other differences in the accomplishment strategy.

Nonetheless, the organizational reform also resulted in a very positive thing the decrease of the number of the structural positions in every Regency/Municipality in Indonesia, including the six regions in this research. Based on the national data (see Chapter 3, Table 3.6), on average, the decrease reached 50% of the total number of structural positions, from 1500 to only 750 structural positions. In the Giri Regency, though some of the Fifth Echelon positions are still retained, in general, the number of the positions also decreased. The decrease of the structural positions beneficially reduces the long procedures that used to be followed in the bureaucracy. It becomes more efficient and effective. However, the decrease does not directly influence the budget that is required to pay the structural position allowances. The amount of money

that is needed to pay the allowance does not change significantly before and after the decrease and even increased since Presidential Decree No.99 that regulates on echelon promotion for every official in the region was issued in 2000. An example of this can be seen in the comparison between the increase of the echelons in the Giri Regency and the total allowance that needs to be paid in the *APBD* from 2000 to 2004 (See Table 4.6). After the allowance was raised in 2004, the money that was needed in *APBD* increased three times compared to the money that was needed in 2000, from approximately 70,165,000.00 Rupiah (6500 EURO) each month to 233,250,000.00 Rupiah (20.000 EURO) each month. This number excludes the allowance for the Regent/Mayor and the members of *DPRD* that is estimated to be twice the allowance of the bureaucracy officials. Fortunately, the Giri Regency is a rich region, shown by the total of the 2004 *PAD* which reached about Rp. 54 million. Compared to the *PAD*, the amount of the allowance that needs to be paid every year is not significant. But what about the poor regions that are the majority of the Regencies/Municipalities in Indonesia? The large total of the allowance that cannot be compared with the small amount of regional finance emphasizes the evidence that *APBD* is allocated more to bureaucratic interests than to public interest.

Table 4.6: Total Allowance in the Giri Regency, 2000 and 2004

Echelon	Filled Position (May 2000)	Allowance (Rp)	Total Amount (Rp) paid by the Local Government per-month
IIB	1	200.000,00	200.000,00
IIIA	31	150.000,00	4.650.000,00
IIIB	3	125.000,00	375.000,00
IVA	192	100.000,00	19.200.000,00
IVB	30	75.000,00	2.250.000,00
VA	509	60.000,00	30.540.000,00
VB	259	50.000,00	12.950.000,00
Total	1025		± Rp 70.165.000,00
Echelon	Filled Position (December 2004)	Allowance (Rp)	Total Amount (Rp) paid by the Local Government per- month
Ia	1	1.500.000,00	28.500.000,00
Ib	18		
IIa	102	600.000,00	61.200.000,00
IIb	0		
Iva	400	240.000,00	96.000.000,00
Ivb	0		
Coordinator	317	150.000,00	47.550.000,00
Total	838		±Rp 233.250.000,00

Source: compiled from many sources of Giri's Documents, 2005

Though it is not inscribed in Local Regulation, the positions below the IVa Echelon (V Echelon) that relate to direct services to the public are still retained and are called Coordinator positions. In the beginning, the Central Government did not acknowledge this position. However, now, the position has been acknowledged and the Central Government provides allowances for this position through *DAU* which is transferred to the region. The types of this coordinator positions, and its total number of employees can be seen in Table 4.7:

Table 4.7: Type of Coordinator Positions in the Giri Regency

No	Position	Total Number
1	<i>Kecamatan</i> Coordinator Position in the maximum pattern <i>Kecamatan</i>	99
2	<i>Kecamatan</i> Coordinator Position in the minimum pattern <i>Kecamatan</i>	120
3	Family Planning (<i>KB</i>) Program Coordinator in the <i>KB</i> , Social, and Work Force Agency	17
4	Kindergarten and Elementary School Coordinator in Educational Agency environment	17
5	Management Caretaker in Junior High School	54
6	Management Caretaker in Senior High School	24
	Total	331

Source: Giri Regency Local Personnel Bureau, 2005

The total number of the Coordinator positions is large. However, even the Local Government cannot deny that these positions are still necessary and that the government still needs to provide allowances for these positions. This fact also shows that in its effort to reform its organizational structure, the Local Government is always faced with the paradox of fulfilling the actual needs and persisting on the idealism to simplify the bureaucracy.

2. Personnel

Data from the 31 March 2000 *BKN* Quality Control and Reference Table shows that there are 3.927.146 civil servants in Indonesia. Compared to the number of the Indonesian citizens that reaches 210.485.600³², the number of civil servants is 1:54. It means that for one civil servant there are 54 people to be served. The World Bank

³² 2000 *BPS* Estimation Number

thinks that this number is not sufficient because it is only 2,2% of the number Indonesian citizens.

The early period data of the regional autonomy implementation shows that in 2000, from the existing number of the civil servants, 94.60 % of them work around the Regional Government or the department offices in the regions. The rest of them, 5.40%, work around the Central Government. The spread of the employees in the region is normal considering that besides the wideness of the territory and the large number of citizens that needs to be served, most of the civil servants work in the department offices that relate directly to public service, such as the National Education Department, Internal Affairs Department, Health Department, and Religion Department. Almost all of these departments own an office in the regions. Meanwhile, the State Ministerial Office, the Non-Department Government Institution (*LPND*) and Highest/High State Institution Secretariat only exist in the capital. Although most of the civil servants work in the region, according to the BKN data, there are about 88% of them who work as the Central Government's Employee that are assigned to assist other departments or institutions (vertical Institutions), Therefore, there are only approximately 12% of the existing civil servants that really work as employees of the regions (MAP, 2005).

As the consequence of the implementation of Article 8 and Article 129 of the Law No. 22 Year 1999, civil servants that work in any vertical institution in the region (Province, Regency. and Municipality) are administratively transferred to become the employees of the Region. The number of these civil servants is approximately 2.8 million from the total national civil servants in 2003 that is 3,648,005. Thus, it can be exemplified that from the total number of the civil servants, 840,007 (23%) work for the Central Government; 311,047 (8.5%) work for the Province Government and 2,496,951 (68.4%) work for Regency/Municipality governments (see Table 4.8).

Table 4.8: The Number of Indonesia Civil Servant in Each Government Level

Government Level	Number	%
Center	840.007	23
Province	311.047	8,5
Regency/Municipality	2.496.951	68,4
Total	3.648.005	100

Source: Data of PUPNS per December 2003, BKN RI

In Indonesia, the employment system divides employees into four rank category levels in which each of this level is further divided into several spaces. The level of rank category starts from the lowest rank, which is rank category Ia, until the highest, rank category IVe.

1. Rank category I is divided into space a, b, c, and d.
2. Rank category II is divided into space a, b, c, and d.
3. Rank category III is divided into space a, b, c, and d.
4. Rank category IV is divided into space a, b, c, and d.

Table 4.9: The Number of Indonesia Civil Servant Based on Rank

Rank	Number		%	
	2000	2003	2000	2003
I	277.129	88.836	7.08	2,4
II	1.655.038	981.010	42.33	26,9
III	1.866.551	2.129.285	47.71	58,4
IV	112.802	448.874	2.88	12,3
Total	3.912.520	3.648.005	100	100

Source: BKN, 2000 and 2003

The above national data (see Table 4.9) shows the government policy to limit the number of the civil servant candidates for the rank category I and II, and to raise the number of the civil servant candidates for the rank category III and IV. This is, on the offering side, caused by an increase in the number of citizens who possess a minimum bachelor degree; on the demand side, this is caused by an increase in the number of jobs that require the employee to have at least a bachelor degree³³. The government adopts a policy not to increase the number of the civil servants because it is considered to burden the State finance. The policy is known as the zero-growth policy.

The rank category division also shows the working period length and experience of the employee: the higher category an employee has, the higher his seniority in the bureaucracy. The raise from one category to another is determined by the length of the working-period (in general, it is raised every four years) and from the result of the DP3 assessment (Personnel Achievement Assessment list). In the DP3,

³³ The employees in the rank category I and II are the low level employees who at best passes own a high school diploma. Meanwhile, the employees in the rank category III and IV are at minimum required to have bachelor degree.

however, there are two fundamental weaknesses. First, the aspects that are being assessed are very abstract, such as responsibility, loyalty, and cooperative ability. Each aspect does not have any distinct definition or clear assessment standard. The loyalty aspect, for example, is supposed to be at least 91 without any comprehensible reason. Some people judge this loyalty aspect based on the loyalty of the employee to the State ideology, *Pancasila*, while the other judges base it on the employee's loyalty to the superior. Second, subjectivity in the assessment is very high because the process is done thoroughly by the direct superior of the employee being assessed. This creates a high possibility for a "like or dislike" assessment to happen. There are some regions that started to use more objective assessment systems since 2004, such as the Prajan Municipality which uses the 360-degree assessment system.

The educational level of the civil servants in Indonesia at the national level, in 2004 can be seen in the next table, table 4.10. The largest number, 38.2%, is still dominated by employees who own maximum a high school diploma. The number of employees who own bachelor to doctoral degrees relatively increases, including the employees with three-year diploma degrees. However, it is not true to assume that a high level of education shows a high level of competency. The 2003 national data proved that there are more civil servants in Indonesia that do not have good competency than those who do.

Table 4.10: The Number of Indonesia Civil Servant Based on Level of Education

No.	Level of Education	Number	%
1	Primary School (SD)	125.584	3,4
2	Junior High School (SLTP)	103.191	2,8
3	Senior High School (SLTA)	1.394.423	38,2
4	Diploma I	56.297	1,5
5	Diploma II	586.819	16,1
6	Diploma III	288.191	7,9
7	Diploma IV	8.007	0,2
8	Bachelor (S.1)	985.427	27,0
9	Masters (S.2)	90.723	2,5
10	Doctorals (S.3)	9.343	0,3
	Total	3.648.005	100

Source: Data of PUPNS per December 2003, BKN

Constitution No. 22/1999 states that the entire process of regional personnel management, from recruitment until retirement, is carried out by the region. This Constitution is actually in contradiction with Law No. 43/1999 that regulates

Employment Principles and gives authority over personnel management of the civil services in Indonesia to the Central Government. This contradiction influences the practice of personnel management in the region. The region often hesitates in enacting the authority, especially, since not all regions possess an adequate financial ability to carry out the authority thoroughly. In most cases, most regions only use their authority in personnel placement and improvement processes. Personnel improvement, in this matter, involves developing the human resources competence of the personnel, for example by sending the personnel to higher education or regular courses, including those that are conducted independently by the Government. Meanwhile, personnel placement consist of promotion stages that are done when a candidate is officially accepted as a civil servant (*PNS*) or when personnel are going to be promoted to a higher positions. In the early period of local autonomy implementation, the decisions on rank raises and change (*mutasi*) processes are also included in this.

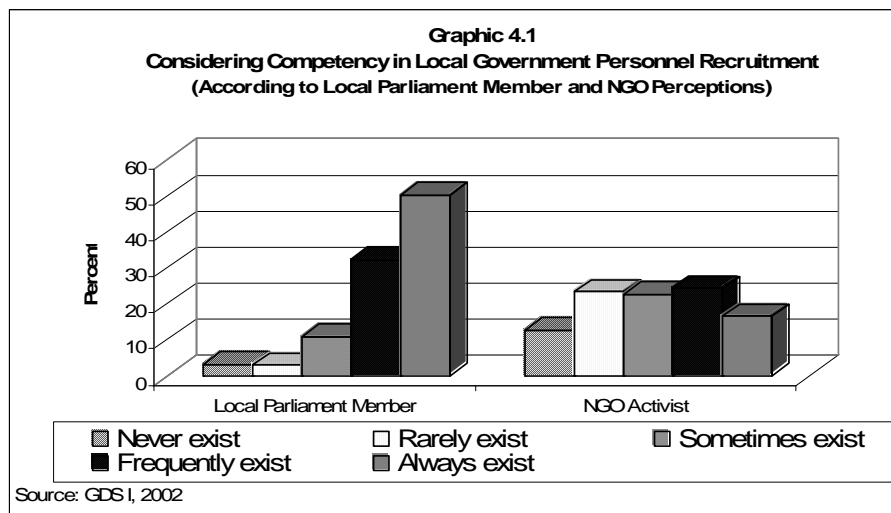
Other very sensitive personnel management authorities, such as the authority in recruitment, payment, and retirement, are still held by the Central Government. Recruitment policy, especially in the number and the qualification of the candidates and in the selection process, from registration and testing, to the results, is controlled by the Central Government, i.e. the Ministry of Home Affairs, the Ministry of Finance, and the Ministry of State Personnel Empowerment. The authority in payment is also completely controlled by the Central Government. However, the Central Government allocates this matter through the General Allocation Fund (*DAU*) that is transferred every year to the regions. The *DAU* is determined by the Department of Finance with approval from *DPR*. For retirement matter, the decisions on who should be retired and on the amount of the pension that will be given each month are determined by the Central Government as well.

The ambivalence of this regulation creates bewilderment to the regions in managing their personnel. However, at the same time, this condition also results in employment becoming a political arena for the local bureaucrats and political elites to compete in putting their people in the bureaucracy. The next section will depict the performance of personnel reform in the regions based on the patterns of personnel management. Most of the national data is quoted from the 2002 GDS. It will then be compared with the data findings from the research regions.

a. Personnel Recruitment

Unsuccessful Reform

One important stage in employee management is recruitment and promotion. This stage requires competency as the basic assessment. In Graphic 4.1, there are two different views found concerning the process of employee recruitment, one by the members of *DPRD* and the other by NGOs. The members of *DPRD* believe that the recruitment process has always considered the capability of candidates. However, though some NGOs believe that it has, some think that the recruitment process has not considered the capability of candidates. Some NGOs suspect that the recruitment process still involves corruption, collusion, and nepotism. People who succeed at the assessment are the people who are willing to bribe or who possess personal connections with decision makers. There are some well known cases that where people who want to be a civil servant have to bribe Rp 25 million to Rp 75 million (2400 € to 7300 €). They send the bribe to a person on the selection committee. Those who have connections with the committee either as family, friends or as members of the same ethnic group passes the selection test without considering the test results. This deviation clearly ignores the capacity of candidates. In many cases, this selection process causes turmoil in the process of employee recruitment.



Note: N of the local house of representative members is 600 persons, and N of NGOs is 600 organization

Any local government will always say that they lack personnel. In reality, this is actually not the case. In practice, there are many personnel that lack a job. These

personnel spend their working time only reading newspapers, conversing with others, and even sometimes leaving the office for affairs that are not related with their work. Though they have been obligated to fill in the attendance list, these unproductive activities become habits in their daily working lives. These kinds of personnel are commonly the administrative personnel or common employees that do not have any specific technical qualifications.

Personnel that are actually needed by the regions are medical forces and some teachers-medical forces such as doctors, nurses, and paramedics; and teachers with specific knowledge skills such as Mathematics, English, Physics, Chemistry, and Biology. Nevertheless, not all of those needs can be filled by the market, considering that the number of candidates with those qualifications is still lacking. Peculiarly, instead of recruiting forces with specific skills, the Local Government still recruits a large number of administrative personnel or regular personnel that do not have any specific skills. The Giri Regency Government, for example, in 2004, recruited 1,644 new non-teacher and non-medical forces personnel, and only 1,295 new teachers and medical personnel. Other research districts also recruited more or less in similar terms to Giri, except the Alit Municipality which recruited hundreds of new personnel, primarily teachers and medical personnel.

Between Successful and Unsuccessful Reform: Regional Temporary Employees

During the implementation of local autonomy that is based on Law No. 22/1999, the regions cannot officially recruit new personnel to be nominated as civil servants. However, because there is ambivalence in the regions authority in the Employment Principles that are written in Law No. 22/1999 and in Law No. 43/1999, in practice, the regions still recruited new personnel. The new personnel that were recruited during that period were categorized only as Regional contract personnel (*Honda*) or Temporary Employees (*PTT*). For the honorary personnel, the change of their status to *PTT* is a major increase toward the assurance of their future. Before Government Rule (*PP*) No. 31/2001 was issued, the status change was given by the head of each related department. The payment was given based on the capability of each department to save some money from its budget. Thus, it was possible for honorary personnel not to receive their payment for several months because their department could not afford to pay them. Since *PP* no. 31/2001 was implemented, the status change is now bestowed

by the Local Government through the Local Personnel Bureau and the payment of the personnel is financed by the *APBD*. In many prosperous regions, the *PTT* even receives some additional rights, such as health insurance and other incentives.

In the regions that become the subject of this research, based on the available data in the Anom Regency, the Kulon Regency, and the Wetan Regency (see Table 4.11), the number of *PTT* tends to increase every year. Among the six regions, in 2004, the Giri Regency has the largest number of *PTT*, followed by the Kulon Regency and the Prajan Municipality.

Table 4.11: The Number of Regional Temporary Employee in Six Districts

Regency/Municipality	2003	2004
Anom Regency	555	758
Giri Regency	--	2939
Prajan Municipality		1102
Kulon Regency	2624	2874
Alit Municipality	608	652
Wetan Regency	--	--

Source: Compiled from many sources in the Local Governments

Note: -- = data is not available

The excessive amount of *PTT* is of concern to the Central Government. An Assistant Director that handles civil servant matters in the Ministry of State Personnel Empowerment stated:

“...but the reduction is only in the formal way. In reality, they are still very redundant. They (regency/Municipality—red) claim that they use zero growth, they add new personnel based on the retirement. But actually we can see that the contract worker is abundant...”

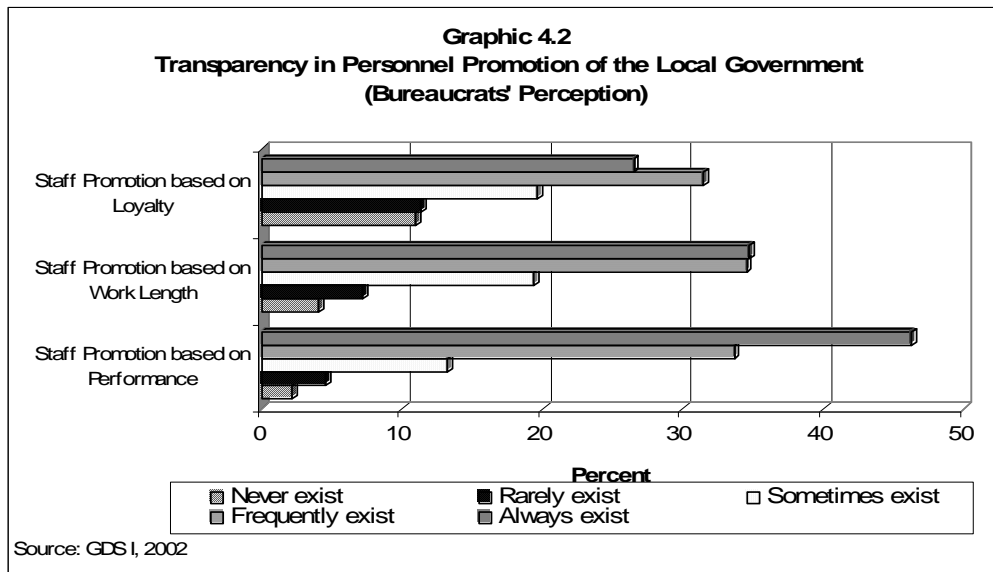
The tendency for the region to employ more *PTT* is reasonable. It is related to the amount of *DAU* that will be accepted by the regions. The salary of the *PTT* is taken from *APBD* while *APBD* still derives the majority of its funds from *DAU*, especially for payment. Thus, the more the region employs *PTT*, the more possibility there is for the Region to receive more *DAU*. For this reason, the Local Government never stops recruiting more *PTT*. For this reason, the reform of personnel has failed because the Local Government motivation is to receive more *DAU* regardless local needs.

On the other side, the reform is also a success when the Local Government recruits more skilled laborers such as doctors and teachers. It means that there is a political will from the local government to fulfill local needs, particularly in the health and education sectors. Both are basic needs, and some regions have not had competent human resources in the health and education sectors.

b. Personnel Promotion: Instant Rank and Position Raise

Another stage that is also important in employee management is promotion. This stage is related with the career of an employee in the career structure that includes the potential to produce conflict among employees. Graphic 4.2 contains the answers that are given by bureaucrats concerning the criteria of position promotion. Most of the respondents answer that the process of promotion has always been based on the candidate's competency that is demonstrated by the achievements of the candidate in his previous position. Nonetheless, this is not the only consideration needed; there are many respondents who answer that the period of work for the current employee also becomes a consideration in the process of promotion. It means that seniority, as shown by how long a candidate has served as a civil servant, also becomes a consideration. Besides these two factors, another thing that is mentioned by the respondents is the loyalty of a candidate toward his/her superior. In the history of employee assessment in Indonesia, though it is never mentioned literally, loyalty has become an important factor in the Employee's Achievement Assessment List. This is so because the authority to assess an employee is conceded fully to the subjectivity of the superior. This unofficial rule has often forced the inferiors to abide by the superior's will to avoid a bad mark in their assessment. The two last factors, period of working and loyalty, have often de-emphasized competency requirement as the main factor in promotion assessment. In other words, competency has never completely become the base requirement in promotion. However, what real personnel promotion of regions³⁴ is will be explored as follows:

³⁴ These regions of GDS I also included Giri Regency, Prajan Municipality, Kulon Regency, Anom Regency, Alit Municipality and Wetan Regency



Note: N of bureaucrats is 2700 persons.

Successful Reform

In the early period of local autonomy implementation, there was a tendency for the Local Government to inconsiderately use its authority to raise the rank of personnel that were going to be promoted to certain positions. At that time, there were many senior bureaucrats that had almost reached their retirement, while the existing junior bureaucrats did not have the rank requirements to place them in the positions required by the personnel regulations. To fulfill the rank requirements, the Local Government took a shortcut by raising the rank of the personnel without considering the working period and the achievements of the personnel. There were personnel that were raised from the rank category IIIc to IIId and even from IIId to IVa just to fulfill the rank requirements. There was even a region that raised the rank of personnel twice in a year just to meet the requirements.

There is actually no problem in the policy to raise a personnel rank earlier if the decision is based on a strong argument, i.e. based on the competency of the personnel. In Indonesia, where the bureaucracy system is still strongly characterized by patrimonial tradition, this kind of decision would be very good progress since it bases the assessment on the competency of the personnel instead of seniority. Anyone with good achievements, disregarding the age and working period, can be placed in a higher position. This competency idea is greatly influenced by private organizations that often recruit young workers to become organization managers. Nevertheless, usually, instant

rank rises can only happen to personnel when the personnel manage to demonstrate their achievements and attract the head of the region with these achievements. When the personnel manages to approach the head of the region or at least manages to find someone who could introduce him with the head of the region, there is a big possibility that he will have his rank raised earlier and be promised a certain position. This practice happens in almost every research district but not in the Giri Regency, since this regency administratively has very good career planning and there is no need to raise the rank of personnel early.

Alit Mayor stated that the senior bureaucrats in his region commonly become hindrance for the department to progress. He does not hope for them to be the motivators of the organization. Thus, there are many younger personnel in his region that are placed in positions that are in the same level with the head of agencies, bureaus, or offices. One of his actions that received a positive response from a famous newspaper in East Java Province and the Java Island (*Jawa Post*) was when he courageously promoted a head of a village to become *Camat* for his achievements. This move was very unlikely to be done before because a head of a village is not a civil servant. If he were a civil servant, to be placed in the position, he would normally have to experience some duty rotations in a number of regions or departments.

A more extreme action in managing the bureaucracy was done by the Giri Regent. He created Room 12, a place for senior personnel that are considered incompetent need have to improve their competence. In this place, the Regent gives them special assignments, in particular to analyze government policies. If in Room 12, they can show their competence again they will be given a new position. On the contrary, if they can not, they will be placed in Room 13 or, in other words, given an early retirement.

Unsuccessful Reform

These progressive actions made by the heads of the region often surprise and create resentment from the senior bureaucrats. They often try to make new deals to retain the status quo in the bureaucracy. However, the strong determination of the head of the region is often unstoppable. Only a weak head of region would usually finally obey the senior bureaucrats' will. These senior bureaucrats are generally controlled by

Regional Secretary. They are usually the people who actually run daily government management practices. The powerful influence possessed by these senior bureaucrats once made them overconfident in making a policy that grants a special rank raise to some officials that are considered to have done merit to the regions. This happened in the Wetan Regency but the policy was repealed by the Central Government through the Ministry of Home Affairs and the State Employment Board because it was considered as an infringement, especially because the special rank raise was only given to the officials that belonged to the Regent's clan.

An attempt to rule the bureaucracy at the elite level was also made by the Anom Regent. He employed people who were considered to be loyal to him as his officials. Those people were given positions that could be controlled directly by him. Commonly, these positions were the strategic positions such as the City Manager, the Head of the Revenue Agency, the Head of the Local Financial and Wealth Management Bureau, the Head of *Bappeda (planning)*, the Head of the Local Personnel Bureau, the Head of the Territorial Infrastructure and Residential Agency, the Head of the Health and Public Welfare Agency, and the Head of the Education Agency. Those departments are strategic because they hold an important function in making the decisions that are related to the regional budget and projects and the personnel recruitment and promotion process. These three agencies mentioned above use a large portion of the money from the region's budget each year. The Regent would usually offer strategic positions directly to the officials that he favored. The procedure that is formally required, through the consideration of the Rank and Position Advisory Bureau (*Baperjakat*), is neglected. The main requirement in placing a position is the loyalty of the personnel to the head of the region and not their competency³⁵.

The above cases show that, at that time, not every promotion was based solely on Local Government interests, which were to have competent personnel, but also on certain political interests that influenced the process. This situation is logical considering that the transition period from the centralized era to the de-centralized era

³⁵ The rumor that spreads among the bureaucrats and the public, and it was even admitted by member of *DPRD*, says that those positions are for sale to any candidate who could give money, millions of Rupiah, to the head of the region. The complete story of this rumor will be given in the chapter that will discuss about the role of the head of the region.

needs political support, whether from the political elites or, and especially, from the bureaucrats themselves.

One of the political aspects in personnel promotion is native issues. Since the 1998 Reform, the native issue has become very popular, not only on the level of political positions, but also on the level of bureaucratic career positions. Regardless of the precise definition of “the native”, in regions where strong traditional bonds, such as cultural similarity, religion, or other historical aspects, still exist, the Native issue generally occurs on the level of political position, i.e. the Mayor/Regent. From the six regions that are the subject of this study, it is only the head of the region of Alit Municipality that is not a native. Alit Mayor managed to occupy his position because he gained strong support (acknowledgment) from the elites of the political party that ruled the Municipality at that time, *PDIP*. He leads the region that was the hometown of Soekarno, the first president of Indonesia and also the initiator of *PDIP*. This acknowledgement tradition in placing the highest position in a strategic region has always been a part of the Indonesian political system. Thus, a strategic position is usually occupied by a person that has the closest relationship with the decision maker and this often ignores the native issue.

In the other five regions, the officials who occupy the Mayor/Regent position are the natives of the regions. However, actually, it is only in the Kulon Regency that the issue exists significantly. The Kulon Regency is a regency in Central Java Province that possesses a different dialect to the regions on its east side. The traditional bond in the region is to be proud as “Wong Kulon” is still strong and often affects politics, especially in deciding the Regent. It is a coincidence that besides being a native of the region, the ruling Regent also had a close relationship with the ruling president who was also the Leader of *PDIP*, Megawati Soekarnoputri. The acknowledgment tradition and the fact that she is a native caused her to be elected as the Kulon Regent for the second time.

Though not as significant as at the political position level, the native issue also exists on the level of the career positions in the bureaucracy. The bureaucrats themselves actually do not pay much attention to this issue since the centralized system during the new regime order was managed to amalgamate bureaucratic personnel from different cultures and regions. However, since the reform era, political

interests have started to enter the bureaucracy and feed the native issue. There are indications that some political parties that have their representatives in *DPRD* try to interfere in the process of position decision, especially the Echelon II positions, i.e. the City Manager and the Head of Agency or Bureau. The interference of political parties in the process is done directly or indirectly by trying to preserve the existence of a department when the regional department arrangement, which is based on the *PP* 84/2000 and then on the *PP* 8/2003, is implemented.

Based on Article 61 section 4, the City Manager (*Sekda*) is elected by the Regent/Mayor from a civil servant who possesses the necessary requirements and is approved by *DPRD*. The need for the approval results in this position often infiltrated by political interests: a person occupies the position not purely based on his competence but more on his ability to be close to the head of the region and *DPRD*. Moreover, *DPRD* would usually base its consideration on whether the candidate is originally from the region or not. This is where political interest start to influence career positions in the practice of local level bureaucracy in Indonesia. Previously, based on Local Government Regulation, the *Sekda* was elected and employed by the Central Government through its Ministry of Home Affairs. The involvement of political interest in this matter resulted in the frictions and tension between the local bureaucratic elites since they were often involved in an ailing competition. There was even a rumor stating that with a certain amount of money, an official without sufficient competence and achievement could be elected to the position.

In all of the six regions that are the subject of this research, the ruling *Sekda* is the senior bureaucrat who has occupied the position since the previous period. Thus, in the early period of local autonomy implementation, no significant friction appeared. However, this excludes the Anom Regency which had not had any *Sekda* until mid-2005 when the previous one retired. The vacuum of this position created numerous tensions and frictions between the bureaucrats and *DPRD* to occupy the position. Many people think that the vacuum was caused by the lengthy bargaining process between many parties, especially between the Regent and the candidates that were interested in the position. According to some NGOs, the bargaining was to find the candidate that could afford to buy the position with the highest price³⁶. Nonetheless,

³⁶ This information is given directly by the coordinator of Anom People Anti-Corruption Alliance (ARAK)

since Law No. 32/ 2004 was issued, the region's authority, especially *DPRD*, in determining the *Sekda* position is annulled and handed to the Governor.

Interference attempts also occur at the level of head of agency or bureau. However, while at the *Sekda* level, the interference is committed using the authority owned by *DPRD*, at the level of the head of agency or bureau, it cannot be committed because *DPRD* does not have any authority in this matter. Interference is usually committed by political parties or individually by a member of *DPRD*. One examples of such interference once happened at the level of the head of agency in the Giri Regency. A source from within *DPRD* mentioned that he once led a meeting to discuss a regional regulation proposal that arranged Local Government department management. In the meeting, there was a political party that kept insisting to retain the existence of the Forestry Agency and that it is not merged with the Farming and Plantation Agency that actually possess a similar function. The discussion on the new structure of the department took a long time and was tiring. It was found out that it was the ruling head of the Forestry Agency that wanted to retain his position. He worried that if his department was merged, he would not have the position anymore. Thus, he tried to keep his position by using political means, through his party, to ensure that his agency was not merged with another agency. However, in the end, the agency was still merged with another agency that had a similar function. This sort of case occurred in all of the regions that are the subject of this research. The interference could be done personally by the ruling head of a department or organizationally by the department that was about to be merged. The interference is done by lobbying *DPRD* or the political party but still sometimes the result is not as expected.

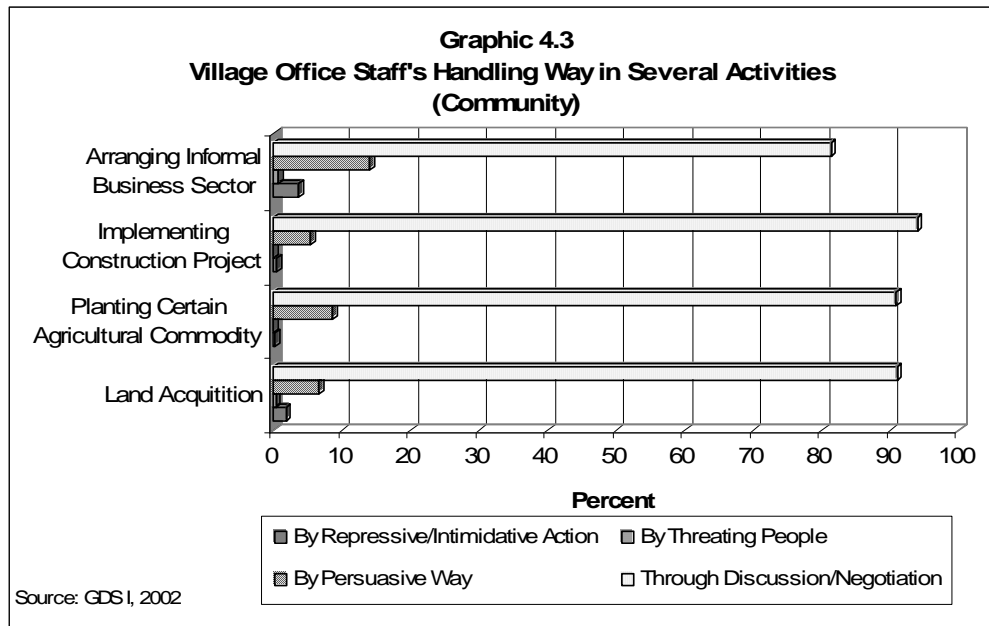
Not all of the *DPRD*'s interferences, at the level of the *Sekda* position or head of agency/bureau, were successful in interfering with the Local Government's decisions. It depended mostly on the bargaining position of the head of the region in facing *DPRD*. Commonly, the head of the region that was brave enough and had good skills would manage to hamper the interference and let the promotion process run in line with the formal applied procedures and requirements.

c. Ability and Attitude Assessment

The achievement of an employee can be seen from his/her ability in serving society. For society, one of the services that often draw attention is health service. Data from GDS I 2002 shows that most of the respondents (70%) think that the medical personnel that serve in the government health services hold adequate skills. Thus, when people are going to treat an illness (curative act) that they suffer or going to immunize their baby, they choose to go to government health services. Even so, the main reason for people to go to government health services is the inexpensive fee for the services, which is a result of the health subsidy given by the government.

In the GDS I+ 2004, some bureaucrats admit, in contradiction with the previous GDS, that their regions do not have competent human resources in the health sector. This confession is surprising because it differs from the community assessment in 2002. In 2002, people were satisfied by the skill shown by medical personnel. It is possible that this satisfaction resulted from low expectations of the standard of health services. On the other hand, the bureaucrats evaluated the services from some minimum standard that has not been achieved.

The attitude of the government personnel in performing their duty also becomes an indicator of the performance of the personnel in providing services to society. Graphic 4.3 gives a depiction of the attitude of government personnel in village/residential areas in performing their duty in several sectors of activity. Most of the people admit that for certain activities, such as development project and certain farm-commodity planting, activities the village personnel involved people in discussion. However, some people admit that for some sensitive cases, such as informal sector control and land acquittal, village personnel often use pressure or even violence to achieve their purposes.



Note: N of communities is 9000 households

Successful Reform

Despite all of the flaws in employment management reform as mentioned above, there is some evidence that positively show an increase in the competition among personnel in most research districts in attaining their best performance. The increase started after the regions started to abandon the *DP3* assessment system and used their own systems. The Prajan Municipality, for example, since 2004, uses the 360-degree assessment system. With this system, personnel are allowed to assess other personnel, regardless of their position and rank, using a certain questionnaire that has been prepared for the assessment. Thus, superior, inferior, or personnel with equal position and rank can assess others' working achievement. The assessment is done at the same time every six months without any early announcement so that there can not be any dishonest liaison between the personnel in the assessment. The result of the assessment that was done last in 2004 showed an objective evaluation since it showed that for more or less 80 percent of 8,374 civil servants, the performance of the local government personnel of the Prajan Municipality was still low.

The competition is also felt in the Giri Regency since the region began to use only the *DP3* but also achievement and demonstrated competency as the assessment factors. In addition, the Local Government also provided incentives for personnel with high levels of accomplishment to encourage other personnel to display high

performance. One of the incentives is rewarded to structural officials (echelon II to IV) using three assessment factors: organizational factor (60%), working performance factor (30%), and Regent's prerogative factor (10%). The amount of money received by each institution varies based on its echelon. For a department that has echelon II, the department receives 2,959,867.26 Rupiah (270 EUR) to 21,914,065.92 Rupiah (2000 EUR). Meanwhile for a department that has echelon III, the department receives 1,796,105.70 Rupiah (440 EUR) to 51,132,820.48 Rupiah (5000 EUR). Totally, in 2004, the Giri Regency Government spent 900,000,000.00 Rupiah (85 thousand EUR) on employee's incentives. Additionally, the facilities in the Local Government office are much more modern than in other regions and this makes the working atmosphere and situation better.

Conversely, the Wetan Regency still uses *DP3* as the main personnel assessment. Meanwhile, the Anom Regency is seeking a model for personnel performance assessment. In both regions, *DP3* is still the tool used by top managers to evaluate the performance of subordinates and even to decide whether they could achieve higher rank or not in their personnel careers.

d. Personnel Rotation (*mutasi*)

Unsuccessful Reform

Since Law No. 22/1999 was issued, employment business was given thoroughly to the region. This transfer of authority in practice has worsened the mobility of employees between regions. This is so because coordination between regions in receiving or transferring an employee is difficult. In addition, employee payments that adhere to *DAU* create more problems in the process of rotation. Nearly 80% of the employee questioned answer that after regional autonomy was applied employee rotation became very difficult. If this keeps happening, then it is possible for an employee, as long as he/she is still working as an active civil servant, to work in only one region for the rest of his/her life.

This is not caused totally by the salary system that attaches to *DAU*. The problem in employment transfer between regions tends to be caused by ethnic and regional prejudice. People do not want to accept employees from different ethnic or regional backgrounds. In addition, politically, there are many regional bureaucratic

elites and personnel who do not want to lose their position to the employees from other regions. This is especially true when the coming employee is believed to have more capability than the employees in the region.

Employment transfer between regions actually does not always occur in every sector or field. The highest frequency of employment transfer usually occurs in the education and the health sectors. There are many teachers and doctors who wish to move from an underdevelopment region to a more progressive region. A doctor that has just graduated is obligated to work in a state service for one year to three years, depending on the desolation criteria of the region. After finishing the work, usually, they are given freedom to choose any place to work. At that time, usually, there occurs a large number of employment transfers from the underdeveloped regions to the more developed regions.

Different from doctors, there is not obligation for new teachers to work in desolate regions. However, for these who are willing to work in these desolate regions, the government will facilitate them to become civil servants and provide them with some limited facilities. Usually, these teachers cannot stand to work in the desolate regions for a long time. This is because the facilities are not as promised and the conditions of the region is very underdeveloped or because there is conflict in the region. These conditions often force them to move to other regions that are more developed, though in these regions the competition is very fierce. The regions that become the favorite places for such movement are the regencies/cities in Java that are relatively more developed than other regions outside Java. Thus, the underdeveloped region will in the end, lack qualified teachers and doctors.

All of the six regions that are the subject of this research face the same problem: there are more personnel from other regions that want to move in to their region than personnel from their regions that want to move out. On average, in each region, there are at least 100 people who want to move in. Most of them are teachers and medical forces who have finished their duty in other regions outside of Java or who want to follow their partners. It is a fact that those regions that are located in Java that geographically and economically better developed than other regions outside of the island. In addition, in these regions, of the level of the regular personnel, the Native

issue is not a sensitive issue that could hinder the mobility of personnel through regions.

During the time when the centralized system was implemented, a personnel mutation from one region to another did not cause much problem because the employment system was controlled directly by the Central Government, including payment. Thus, when personnel moved to another region, the payment simply followed.

The following is the conclusion made by the State Personnel Efficiency Improvement Ministerial of the Republic of Indonesia, which sustains the analysis of the performance of institutional reform, especially of personnel in the regions, during the implementation of Constitution No. 22/1999. In the Minister's view, the prevailing government system is considered to have made an efficient and effective bureaucracy impossible. The causes for this condition are the follows:

- a. Complex and bulky government organizations. A position in the bureaucracy is not established based on necessity but is made to accommodate existing personnel. Job division between the Central Government and the Regional Government is not clear that job execution often overlaps. All of this results in inefficiency in the usage of society's money.
- b. An excessive number of civil servants who are not spread evenly. Over 60% of civil servants work in Java Island. In addition, more than 60% of them have only graduated from high school. The composition of the civil service moreover, is not in line with necessity. At the moment in, almost every institution, there is a surplus of administrative personnel, while specialist personnel, including technicians, are still very rare. People tend to work in the big cities nowadays. In the end, the positions in the regions that are supposed to be filled by technical personnel are filled by administrative personnel. This results in a lack of quality in carrying out governance.
- c. An employment system that is not based on a merit system. The new employee provision is based more on funding availability than on the necessity of performing duties. The placement of personnel in a position is not based on the competency but on the rank of the personnel. Unfortunately, in fact, high rank cannot be necessary identified with high competency. This, in the end, wastes the Training and Education Program. The working performance assessment is not yet done objectively because it

is still based on the behavior of personnel and not of their achievements. Promotion is not based on accomplishment but on the working period and the latest diploma possessed. It is not surprising that the professionalism of the civil servants in Indonesia is still very low.

d. A payment system that is not fair and proper. The amount of one's basic salary is based on rank. Meanwhile, the rank does not represent the burden of a position (the competency needed, responsibility and risk). In the end, two civil servants with the same rank might receive the same salary, though one works only as a typist and the other works as an analyst. This result in low working-motivation among civil servants. In addition, the giving of structural position allowances that are bigger than salaries causes civil servants to compete to be placed in structural positions, through both legal and illegal ways.

e. The Honorarium giving allowances in addition to base the salaries makes the salary system non-transparent. This causes an economic gap between the employees.

(Source: the summary of the Republic of Indonesia Government Bureaucracy Strategic Plan/Indonesia's Civil Service Reform, 2001).

3. Financial

a. Financial Capacity

Implementation of Law 25/1999 on the fiscal balance between the central and local government has reformed Indonesia's intergovernmental relations. This law changed the transfer system from earmarked grants into general grants. In addition, the law has increased the local governments' share of government resources. According to World Bank data (2003), the bulk of regional government spending is financed by transfers from the center: over 90 percent of regional revenues come from the Balancing Fund (*dana perimbangan*) that includes a general grant (*DAU, dana alokasi umum*), shared taxes, natural resource revenue shares (see Table 4.12), and a special allocation grant channel (*DAK, dana alokasi khusus*). Local governments have limited original revenues (*PAD, pendapatan asli daerah*), adding up to only 7.4 percent of regional revenues.

Table 4.12: Revenue Sharing
(Shares of revenues to central, provincial and regional government)

Item	Central Government	Provincial Government	Originating Local Government	Other Local Governments in the same province	All Local Governments in Indonesia (Equal Share)
Oil (non-tax, onshore)	85	3	6	6	--
LNG (non-tax, onshore)	70	6	12	6	--
Mining: Land-rent	20	16	64	--	--
Mining: Royalty	20	16	32	32	--
Forestry: Land-rent	20	16	64	--	--
Forestry: Resource rent	20	16	32	32	--
Fishery	20			--	80
Land and Building Tax	9 ^a	16.2	64.8	--	10 ^b
Land and Building Transfer Fee		16	64	--	20
Personal Income Tax	80	8	12	--	--

Note:

a. The central government's share in the Land and Building Tax is supposed to cover administrative costs. Not all categories of personal income tax are shared; excluded are taxes on self-employed income, dividends, and interest.

b. According to Government Regulation 104/2000, of the 10 percent, 6.5 percent is shared equally among all regions, and 3.5 percent is distributed to those regions that exceeded their revenue target in the previous year.

Source: Law 25/1999, Law 19/2000 (Income Tax), Government Regulation 104/2000, Bambang Brodjonegoro (2001), and World Bank 2004

Nationally, from the 150 regencies/cities that are studied, the average percentage of *PAD* to the average income of the regency/Municipality in every province in 2001 is 6.6%. In 2002, the percentage stayed almost constant, rising only 0.1 % to 6.7% (see Table 4.13). The biggest financial source of *PAD* is commonly received from taxes and levies (see Table 4.14). In most regions, the taxes and levies are commonly derived sources that are non-economically productive, such as the Street Light Tax, and the retribution from Regional Society Hospital Patient admittance.

Table 4.13: The Percentage of Provinces *PAD* to the Budget

No	Province	The percentage of the Regional Original Income (PAD) to the Regional Income and Expenditure Budget (Income)	
		2001	2002
1	North Sumatra	6,81	8,03
2	West Sumatra	2,86	0,24
3	Riau	4,72	4,73
4	South Sumatra	5,37	4,87
5	Lampung	2,00	1,85
6	West Java	9,92	10,37
7	Central Java	7,68	8,08
8	Special Region of Jogjakarta	10,46	10,18
9	East Java	5,82	5,51
10	Bali	33,48	28,80
11	West Nusa Tenggara	4,59	7,01
12	East Nusa Tenggara	2,91	3,01
13	West Kalimantan	2,61	3,79
14	South Kalimantan	5,76	3,60
15	East Kalimantan	3,10	6,76
16	North Sulawesi	7,45	7,86
17	Central Sulawesi	3,57	4,41
18	Southeast Sulawesi	7,98	7,56
19	South Sulawesi	3,66	5,06
20	Papua	1,04	1,77

Source: *Sistem Informasi Keuangan Daerah (SIKD)*, the Ministry of Finance, RI, 2002

Table 4.14: Local Taxes

Type of Tax	Assignment	Max Rate	Sharing
Motorized Vehicles	Province	5%	30% to local govt.
Motor Vehicle Transfer Tax	Province	10%	30% to local govt.
Motorized Vehicles Fuel	Province	5%	70% to local govt.
Utilization of Water	Province	20%	70% to local govt.
Hotel tax	Local	10%	A minimum of 10% of local government tax to be allocated to the relevant village
Restaurant tax	Local	10%	
Entertainment tax	Local	35%	
Advertisement tax	Local	25%	
Street Lighting	Local	10%	
Mining of C-Class Minerals	Local	20%	
Parking tax	Local	20%	

Source: Law 34/2000 and Mark Rider, 2002, *The Estimated Revenues Yield of a Piggyback Personal Income Tax*, processed, August., World Bank 2004

The three provinces that hold the top three highest average percentage of *PAD* toward *APBD* on the income of their regency/Municipality are Bali, West Java, and the Special Region of Jogjakarta. In 2001, West Java placed second. The next year, 2002,

the Special Region of Jogjakarta overtook West Java. Bali holds the highest average number in Indonesia because all of the Regencies/Municipalities in this region rely on the tourism sector that has become world famous. West Java, meanwhile, relies more on the farming and plantation products. Of interest is the situation in Jogjakarta. Although this province is the second tourist destination in Indonesia after Bali, the tourism sector has not become its main financial source. Jogjakarta developed itself as a destination for education. This province has become the main destination for students because it is filled with a number of the most famous schools and universities in Indonesia.

Besides the Special Region of Jogjakarta, two other provinces that are the location of this research are Central Java and East Java. In 2001, Central Java was placed in fourth position and declined to the fifth position in 2003. Meanwhile, East Java's position is still far below several provinces outside of Java. It is important to remember that the PAD level cannot be identified as the level of the prosperity of the people. However, the number depicts the competency level of the performance of the Local Government in managing its finance based on the potential possessed.

Comparing finance capacity (percentage of *PAD* toward *APBD*) among the six research districts, Prajan Municipality and Giri Regency are the two districts that have the highest capacity (more than 10%) between 1999 and 2004. Alit Municipality is at the medium level (average 10%), whereas Anom Regency, Kulon Regency, and Wetan Regency can be categorized into the lowest level (less than 10%). Table 4.15 below will compare the financial capacity among these districts (see detail in Chapter 3).

Table 4.15: Percentage of *PAD* to *APBD* in Six Districts

Regency/Municipality	Percentage of <i>PAD</i> to <i>APBD</i> in budget year	
	1999/2000	2004
Giri Regency	13%	12%
Prajan Municipality	24%	22%
Anom Regency	-	5%
Kulon Regency	6%	6%
Alit Municipality	-	10%
Wetan Regency	5%	5%

Note: - = no data available

Source: primary data

b. Project Inefficiency and Budget Digression

Unsuccessful Reform

Table 4.16 shows the data on project implementation inefficiency from several respondents. The table demonstrates several different answers from the respondents that are categorized into Java-Bali and Outside Java-Bali. The highest mean results from the answers of the journalists and NGOs, whether in Java-Bali or outside Java-Bali. For Java-Bali, the mean of the journalist is 31.1 with 19.4 standard deviation, and of the NGOs 34.7 with 21.0 standard deviation. For outside Java-Bali, the mean of the journalists is 33.0 with 20.6 standard deviation, and of the NGOs 36.0 with 20.8 standard deviation.

Table 4.16: Project Implementation Inefficiency

Respondent	Java-Bali			Outside Java-Bali		
	Mean	Median	Standard deviation	Mean	Median	Standard deviation
Bureaucrats (N=2700 persons)	12,2	5	16,8	11,7	10	13,9
DPRD (N=600 persons)	17,6	10,5	16,2	22,2	15	20,6
Health Agency (N=150 institutions)	11,8	6	12,8	11,0	10	13,0
Education Agency (N=150 institutions)	18,3	5	25,5	17,1	10	20,1
School Principal (N=900 persons)	23,1	20	18,7	24,0	20	19,8
Journalist (N=450 persons)	31,1	30	19,4	33,0	30	20,6
NGO (N=600 organizations)	34,7	30	21,0	36,0	30	20,8

Source: GDS I, 2002Primary Data

The highest average number of answer was given by the actors that come from the civil society group (NGOs and journalists) and not from state actors (bureaucrats and politicians). This is natural considering the fact that they are outside the system that runs the projects and that they always hold a critical point of view in observing the policies that are implemented by the state. Nonetheless, the above table also shows a critical answer by School Principals who in practice, are street level bureaucrat who have to face society directly. This group of people is predicted to be the group that knows exactly how projects are implemented in reality, including their inefficiency.

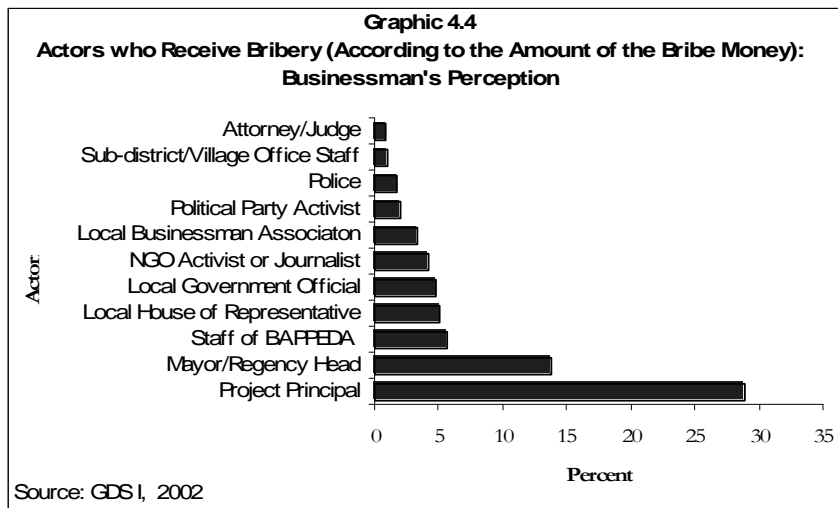
Another crucial problem that has to be faced is fund leakage that often becomes the cause of failure in many development programs. In the practice of Small and Medium Enterprises (*UKM*) budgeting, it appears that there is a tendency for the

realization of the budget to often be inappropriate with budget availability. Most of the respondents from *DPRD*, mass media and NGOs see that fund leakage is an important factor in the failure of programs and that it happens evenly almost in every region in Indonesia, whether in Java-Bali or outside Java-Bali (Dwiyanto, et. all, 2002).

In the Health sector, according to the Head of the Community Health Center, corruption, collusion, and nepotism usually occur in the process of drug provision, employee recruitment, service fee determination, and patient admittance. The highest instance of these practices is believed to happen in the process of determining service fees (the average number rates at 65%), followed by drugs provision (60%), patient admittance (50%), and employee recruitment (38%).

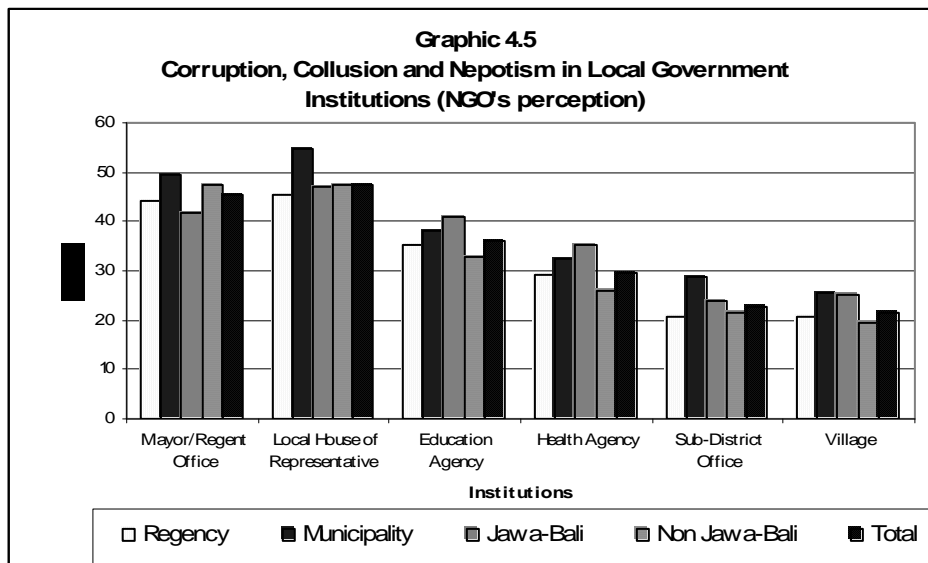
Viewed from the actor (see Graphic 4.4), it turns that the heads of the projects³⁷ rank highest concerning the number of bribes received. The next highest ranks are filled by Regents/Mayors, Local Development Planning Boards (*BAPPEDA*), *DPRD*, and etc. It is possible for the head of the project to receive the most bribes because he possesses the authority to decide which businessman will be chosen to be the associate partner and to decide the outflow of the budget. The head of the project also has the greatest access to interaction with businessmen. He plays the role as the distributor of the bribes received to all of the bureaucrats and the members of *DPRD* who are involved in the project. The Regent/Mayor is also capable of receiving high bribes because the highest authority in the region, besides on the *DPRD*'s is in their hands. There is a tendency for the increase of the authority of *DPRD* in the decision making of a region based on Law No. 22/1999 to result in increased authority digression through the practice of corruption, collusion, and nepotism in *DPRD*. There is a great possibility that *Bappeda* is also involved in the process of deciding the projects that will be carried out. The interesting data is that the NGOs and the journalists start to appear as new players in corruption in Indonesia. Their involvement in corruption is related with their involvement in the practical politics that are always related with money and power.

³⁷ Head of the project is a civil servant who is appointed by the Regent/Mayor to lead the realization of a government project that is supported by *APBD*



Note: N of businessmen is 600 persons

Relating to the *KKN* behavior, GDS I 2002 (see Graphic 4.5) has proved that DPRD and the Regent/Mayor have become the major perpetrators of *KKN* in two research districts, Anom Regency and Wetan Regency. This is expected because both have become the power center at the regional level. We also have an interesting finding that the *DPRD* seems to replace the Regent/Mayor's position as the institution conducting the highest *KKN* practice at the regional level, followed by Regent/Mayor, National Education Office, Public Health Service, and also Office of Sub district and Countryside. The fact that *DPRD* has now become the most powerful institution and has used its authority to lift and ruff the Regent/Mayor allows the members of *DPRD* greater big access to conduct *KKN* practice. It proves that power tends to corrupt.

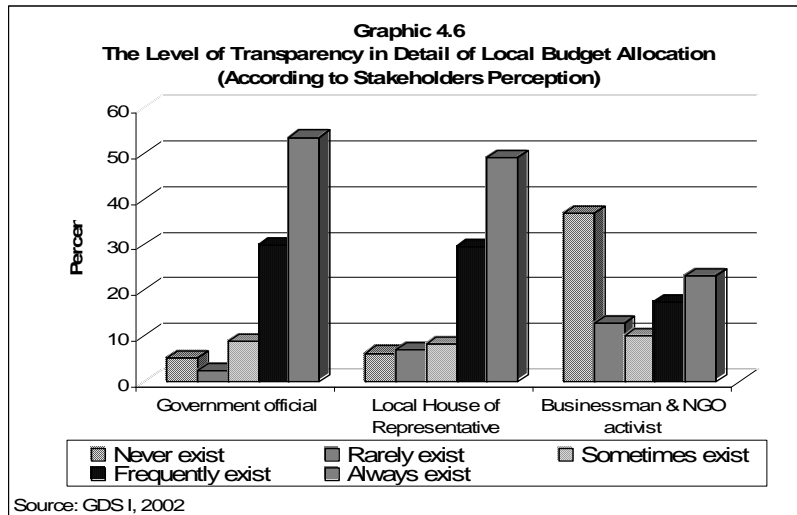


Note: N of NGO is 600 organizations
Source: primary data GDS I, 2002

c. Transparency in the Process of APBD Formulation

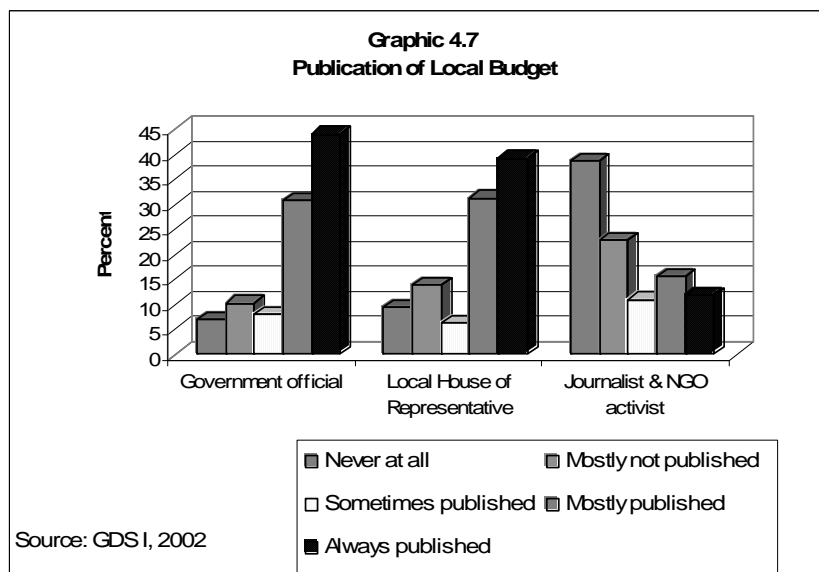
Unsuccessful Reform

In the process of *APBD* formulation, transparency can be achieved if, for example, society is given the chance to know and to propose the items that are going to be placed in the *APBD*. Graphic 4.6 shows the different answers that were given by state actors (bureaucrats and *DPRD*) and civil society actors (private sectors and NGOs). Most of the state actors affirm that the process of budget decision formulation has always been done transparently. This answer contradicts the answer from most of the civil society actors who state that the process of budget allocation determination has never been done transparently. How can the answers become so contradictory? It happens because between both groups there is a difference in interpreting the term “transparency”. The state actors believe that transparency has been achieved because the government always works using “bottom-up” planning, and *DPRD* always invites society to attend the last plenary meeting that certifies *APBD*. On the contrary, the civil society actors argue that the “bottom-up” process done is only a procedural detail that does not represent society, and the last plenary meeting is basically only to certify *APBD* and not to discuss the detail of *APBD*. For society, transparency is interpreted as when they are involved in the process, from planning the budget until officially issuing it as *APBD*.



Note: N of bureaucrats is 2700, N of the local house of representative members is 600 persons, N of businessmen is 600, and N of NGOs is 600

Several civil society actors, journalists and NGOs, also answer that the Local Government never socializes the *APBD* that has been certified (see Graphic 4.7). In contrast, the state actors think that by supplying information on the number of *APBD* in a certain year, they have done their duty. Apparently, for society, this information is not adequate because it does not give detailed information on budget allocation and its use. The Local Government and *DPRD* do not provide detailed information because in their opinion *APBD* is supposed to be a State confidential document and thus is not for public consumption.



Note: N of bureaucrats is 2700, N of the local house of representative members is 600 persons, N of journalist is 450, and N of NGOs is 600

d. The Performance of Budgeting System

Unsuccessful Reform

What was depicted about local government finance nationally above (a-c), begs the question of what really happens in the regions. The analysis below will explain this and is particularly focused on the new model of the government's finance system, the Performance Budgeting System. This model was implemented by the government through the issue of Government Regulation (PP) No. 105/2002 that basically states that *APBD* is arranged using the performance approach. This *PP* then is elucidated by the Ministerial Decree No. 29/2002 that regulates the Performing Method, Regional Finance Responsibility and Supervision with *APBD* Arrangement Method, Regional Finance Management Execution and *APBD* Calculation Arrangement.

The research shows that, actually, reform in the budget system has not managed to implement the real purpose of the Performance Budgeting System in all research districts. In general, the budget is not composed based on the performance achieved with the strategy or the priorities that have been planned. The change that does occur is only in the budget entry system, from the line item to performance assessment. An example of this is the implementation of the Performance Budgeting System in Giri Regency Government. This region is one of the nine Regencies/Cities in Indonesia that became pilot project for the implementation of the Performance Budgeting System. According to the evaluation of the Building Institution for Good Governance (BIGG), a donor institution from the US that funds this project, in the implementation of the system, this region was the most successful. The success can be observed in the implementation of the system in some of its departments. In the Health Agency for example, after the Budget Instruction is made by the Regent/Mayor, budget composition is started by the smallest unit in the department since they are the activity executor and the front row of the services. Each of these units composes Working-Unit Budget Plans (*RASK*)³⁸. These documents contain the working-unit budget plan that will become the groundwork for *APBD* composition. After corrected by the charging officials in the Health Agency, the *RASK* of each unit is then discussed at the agency level. This discussion will talk about the programs that will be carried out in that year budget needed. After the head of the agency approves it, this proposal will be brought

³⁸ Starting from the 2005 budget year, *RASK* was changed into Regional Working Unit Budget and Working Plan (*RKASKPD*)

to the Executive Budget Team that is led by the Regional Secretary and that consists of some departments as its members, such as *Bappeda* and Local Assets and Finance Management Bureau (*BPKKD*). In the team, *Bappeda* will determine the kind and the necessity of an activity, while *BPKKD* will determine the value of the activity and its necessity in Rupiah. After the executives agree, the compilation of the *RASK* of each unit in the agency will be used as the groundwork to compose *RAPBD* that then will be proposed to *DPRD*.

This new system has at least changed the centralized bureaucracy practice in the department to become de-centralized. Previously, the authority to compose programs was held only by the elite officials in the Agency. With this new system, the coordination of each unit can be performed better. The entry system of this new system also makes the supervision easier because it enables fund sources and usage to be traced. Nonetheless, the basic purpose that was expected to be achieved in implementing the budget system, which was to compose programs and their budgets based on performance that has been accomplished, has not been achieved at all. There are some reasons for this situation:

(i). Planning System Problem

Though formally the regional governance system has been de-centralized, it is not easy for Local Government personnel to change their habits in making policy, programs, or activities. Most of the Local Government personnel used to depend on their superiors in making policies. Thus, since the Central Government has now handed authority to the regions, the personnel who cannot have suggestions from their superiors anymore tend to only make new policies, programs, and activities by copying what had been done in previous years. In other words, the implementation of the local autonomy has not been able to encourage the region's personnel to think more creatively and innovatively. As result, almost all of the policies, programs, and activities that are composed in the budget plan are only copies from the previous years, and are not made based on the performance assessment of the department. In the six regions that are the subject of this research, the officials that hold the authority to compose the performance budget of their department admit this fact. The following is the response from a head of a section of Anom Regency Social Welfare and Health

Agency when he was asked whether the policies, programs, and activities are composed as in previous years or not:

“Yes... we did compose these programs as the previous years. If there is indeed a change, it would only be in the location or the aims. Usually for the budget of the program we just add about 10% from the previous years’ budget.”

This kind of planning model is much dispersed. Because it is not made based on comprehensive studies of the success of the previous years programs, the plan has no clear aim or direction. The following Table 4.17 gives examples of some programs and activities of the Anom Regency Health Agency in the 2004 budget year. These programs and activities exist in almost every budget year and every region, though they often appear under different names.

Table 4.17: Budget for Health Program in the Anom Regency, 2004

No.	Program	Budget (Rp)
1	Society Health Improvement	
1.1	Village Medical Forces Coaching Meeting	17,201,000
1.3	Trainee Coaching	6,790,000
1.5	Children and Mother Medical Instrument Provision	49,500,000
1.6	Village Medical Forces Medical Instrument Provision	25,500,000
1.7	Sanitation Week	76,743,000
2	Health Services	
2.12	First-Aid Endowment	5.055.000
3	Society Nutrition Improvement	
3.3	Nutrition and Food Viability System	27.167.000
4	Disease Prevention and Extermination	
4.13	Venereal Disease Extermination	3.008.000
4.22	Non-contagious Disease Surveillance	2.243.000

Source: Anom Regency Social Welfare and Health Agency, 2005

There is no doubt that these programs are good for society. However, without any comprehensive evaluation on the programs that have been done, it would be very difficult to know whether these kinds of programs are still needed and what kind of programs are needed as follow ups. As a result, in practice, the execution of the programs is done administratively only. The programs are done only as an obligation to fulfill the plan that has been made without considering the benefits of the programs to society compared to the amount of money spent on the programs.

(ii). The basic requirements unavailability problem

Ministerial Decree No. 29/2002 explains that a performance-based budget can only be composed with the availability of three basic requirements: Expenditure Analysis Standard (*SAB*), Performance Indicator, and Cost Standard. *SAB* is the estimation of the total amount of funds allocation for the working unit, programs, and other public services activities that are related with the society's needs and demands. *SAB* is used to determine the cost appropriateness related with the function and the main duty of a working unit, to minimize inefficiency, to avoid overlapping of routine and development expenses, to help in determining distinct measurements, and to provide more freedom to the working unit in determining its own budget. Performance indicators that consist of input, output, benefit, and impact are used to evaluate the success of the output compared to the resources that are spent. The Cost Standard is the price of the cost unit per item in the form of goods or services that are used in each region.

From the three requirements, the requirement that is commonly unavailable in the region is the Expenditure Analysis Standard (*SAB*). This is because to determine *SAB* requires complicated and precise economic calculation. However, the problem is that in a performance budget, *SAB* is a must. Without *SAB*, the budget composition would be very ineffective. Without *SAB*, the personnel who compose performance budget would usually base their evaluation on their subjective view, without any formal verification. This subjective evaluation results in a significant difference of opinion between the department that proposes the *RASK* and the department that holds the authority to amend the proposal. Thus, the process to amend the proposal would usually take an exhaustingly long time. This is especially true because in making *RASK*, the department tends to propose budgets larger than the available budget

capacity. This strategy is meant to ensure a sufficient budget. However, often after being amended, the amount of the budget would decrease to only 50% of the proposal. This sizeable decrease often panics the department because then they have to revise their working program to suit the budget that is provided by *APBD*. There is a possibility that the department will stall their programs until the next budget year or even cancel them. It means that the composition of the performance budget is not based on performance anymore.

The Performance Indicator that has been developed by each department is also very ineffective. The quality of the indicators, whether at the level of input, outcome, benefit, or impact, is not good. It is very difficult to evaluate and to predict the success of some activities that are carried out. From the three aforementioned requirements, the only requirement that has been fulfilled is the Cost Standard that is determined every year by the Mayor/Regent Decree.

(iii). The budget politicization vs. budget rationalization problem

The problem of budgeting is actually a problem of who gets what, when they get it, and how they get it. The process of budget composition is often influenced by political interests because there are many people with different interests that try to have bigger budget allocations than the others. The same thing also happens in the process of *RASK* composition. Political interest influences the process since *RASK* is still composed by the departments until it is legally included in *APBD*. Departmental bureaucrats especially involved in this politicization. They are trying to retain the programs/projects and activities in their sub-unit as the same as the previous years. The result is that every year the budget hardly changes. The same programs appear every year without considering their benefit to the target group. The heads of the department also often have their own interests in the budgeting process. They are often, with the authority that they have, able to impose a project or activity in *RASK*. Their action can sometimes be based on their idealism or on other people's lobbying.

The greatest involvement of political interest happens in the discussion process in *DPRD* that is conducted by the Legislative Budget Committee. In this process, *DPRD* holds the most power since it holds the authority to call on the government department to discuss the proposal that is inscribed in *RAPBD*. In the early period of local autonomy implementation, *DPRD*'s authority was only on the proposal abstract

that is made by the Executive Budget Team in *RAPBD*. However, since the 2004 budget year, the *DPRD* holds greater authority. They are now allowed to discuss every *RASK* that is made by local government agencies. Previously, discussion on the *RASK* would end at the Executive Budget Team level, but now, it is discussed by the Legislative Budget Committee. This procedure often troubles the government department for they now have to face the Representatives directly to discuss every detail, including the program, projects and activities. Before 2004, this process used to take a long time because the Executive Budget Team would usually want to make revisions. Now, the process takes an even longer time. According to a head of one of the *Bappeda* divisions of the Giri Regency that handles various programs, a proposal of *RASK* can be revised seven times or more before it reaches its final draft. The final draft is usually significantly different from the proposal that was originally made by the department. According to *Bappeda* officials in all six regions, the percentage of difference between the proposal and the final draft could reach up to 50%. The final draft would often diverge far from the strategy and the policy that had been previously discussed by the executives.

The revisions can happen many times because during the legislative budget committee discussion, many people, especially the *DPRD*, groups and individuals, and also the head of the region, often interfere in the process. Each member of the *DPRD* would usually try to implement his/her own party's vision. The members of the Kulon Regency *DPRD* from PKB, for example, strove to insert religious values, especially Moslem values, into the Local Government policy. They wanted all alcoholic drinks to be banned in the region. Their effort succeeded and it became a Local Regulation. As a result of this, the Local Government was forced to allocate funds to oversee the implementation of this restriction. In this matter, the Kulon Regency managed to become one of the regencies in Central Java Province that succeeded in putting pressure on the illegal distribution of alcoholic drinks. In the same region, there was also a case where the *DPRD* interfered for a negative purpose. A *DPRD* member tried to force through a road building project in a sub district (*kecamatan*) when, according to the *Kimpraswil* (the Public Works Agency) there were many *kecamatan* that needed the program more. As it turned out, the location proposed by the *DPRD* member was the *kecamatan* where he came from. Cases similar to this occur in almost every region.

There are often many *DPRD* members trying to force a project to be implemented in his/her region. This is actually because society still assumes that it is easier to propose a program through a member of the *DPRD* from that particular region than through the formal procedure that has been arranged by the government.

Another interference that also significantly influences the projects often comes from the heads of the regions. The head of a region usually has great ideas for massive and often ambitious physical projects. In some ways, these projects do benefit the region and society, but the downside is that this kind of project often costs a large amount of money. This, in the end would affect the budget allocation for each department. This kind of project occurs in every region and is always a controversial issue for the *DPRD* and society (see Table 4.18).

Table 4.18: Examples of Some Controversial Projects in various Districts

Regency/Municipality	Projects
Giri Regency	International-standard football stadium, Matram Sewer revitalization, government offices building
Kulon Regency	Press centre building, Television Station
Alit Municipality	BK Library, Central Market, Tourism Centre
Wetan Regency	Instant “tiwul” plant building

Source: Primary Data, 2005

These kinds of projects, carried out by the *DPRD*’s members and the heads of the regions, are called interferences because the program is often implemented in the midst of the discussion process. This action can change the budget plan completely. It is very often the case that the ideas of the *DPRD* members and the heads of the regions are very different from the General Policy Direction (*AKU*) and the Priority Strategy that has been agreed upon by both sides. The function of *Renstrada*, *AKU*, and strategic priority is therefore questionable, because in practice, the decision makers and their decisions are often not consistent with the rules and regulations.

4. Planning Methods

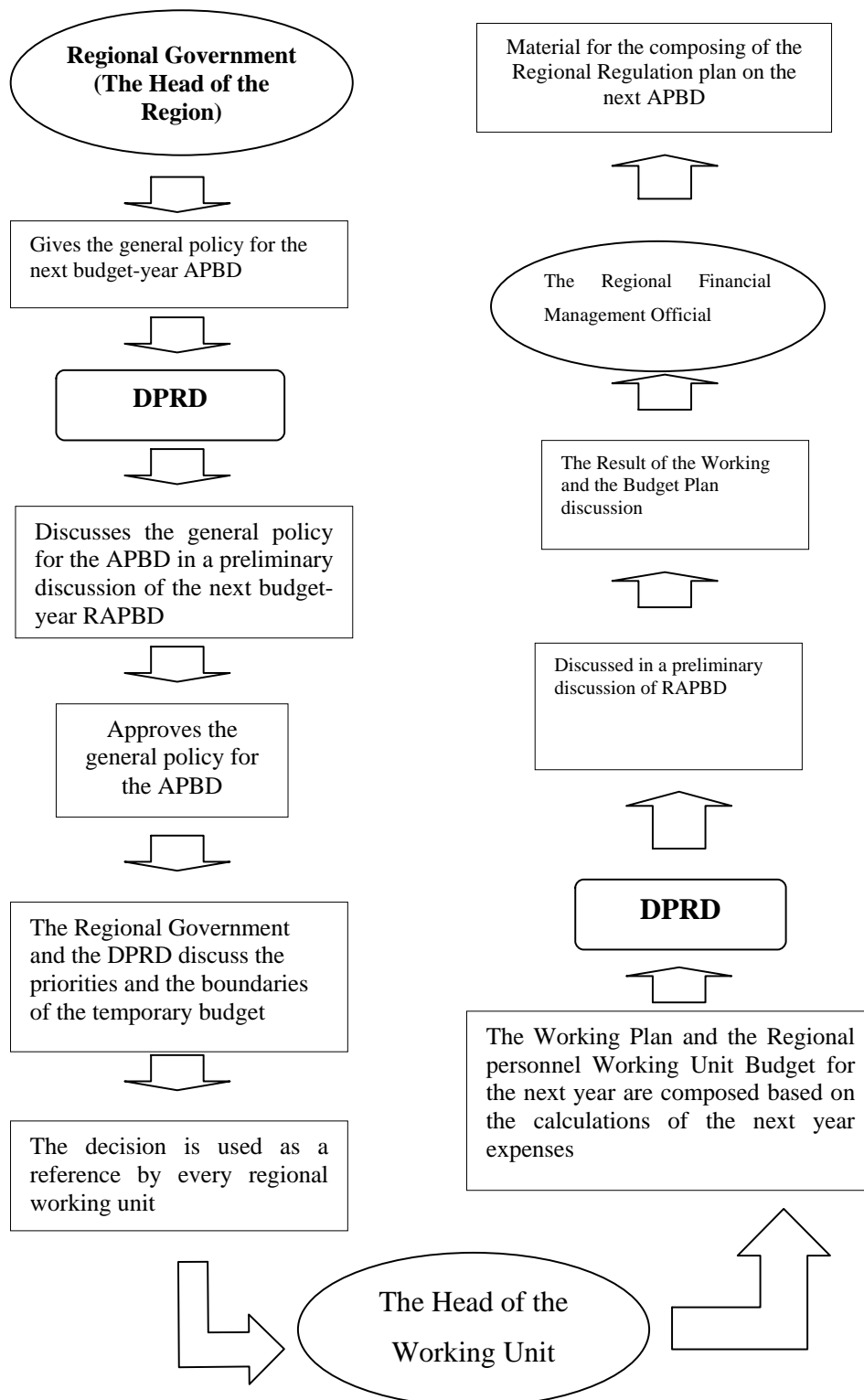
a. Regional Development Planning System in Indonesia

The planning system referred to in this study looks at the way in which the Municipality/Regency Local Government carries out its development planning, from

improving the input (input from society and other stakeholders), running the discussion process, and deciding where and how the output that is still in the planning stages will be carried out. Officially, the government makes policy in the development planning system by combining the bottom-up system with top-down planning. The bottom-up system starts with a development discussion at the level of the village/*kelurahan* (*Musbangdes/kel*). The result of this discussion is then brought to the planning process at the level of the Sub District (*kecamatan*) often known as the Development Working Regional Unit (*UDKP*). The result is then carried to the Development Discussion at the level of the Regency/Municipality. In this meeting, people from different sector, such as NGOs, intellectuals, businessmen, religious leaders, the press and other public figures are invited. The result of this meeting then becomes the reference for the Local Government to compose the development plan that will, in the end, be written in the Regional Development Budget Plan (*RAPBD*). In practice, the process is often different from the planning logic. Political logic often plays a larger role in the process since there is a large amount of interest from many groups that are involve. Based on Law No. 22/1999, the authority to pass *APBD* is held fully by the Local Government, especially by *DPRD*. The Central Government, the Internal Affairs Department in particular only has the right to receive information the agreed on *APBD*. Figure 4.2 explains how the process of composing the *APBD* is resistant to influence from elements outside the Local Government.

In the figure below, it can be seen that the dominant actors that play important roles in composing the *APBD* are the head of the Region, the *DPRD*, the head of the regional personnel working unit, and some other officials that are responsible for the regional financial management. In the *DPRD*, there are the Legislative Budget Committee and the regional financial management officials that are both accommodated in the Executive Budgeting Team. This team holds the authority to decide whether a development-plan proposal can be included in the *APBD* or not. In this stage of the planning, the team is very resistant to any suggestions from outsiders, especially from non-government groups. The regional personnel working unit would not have the ability to influence the process, unless they had other forms of influence over the planning team.

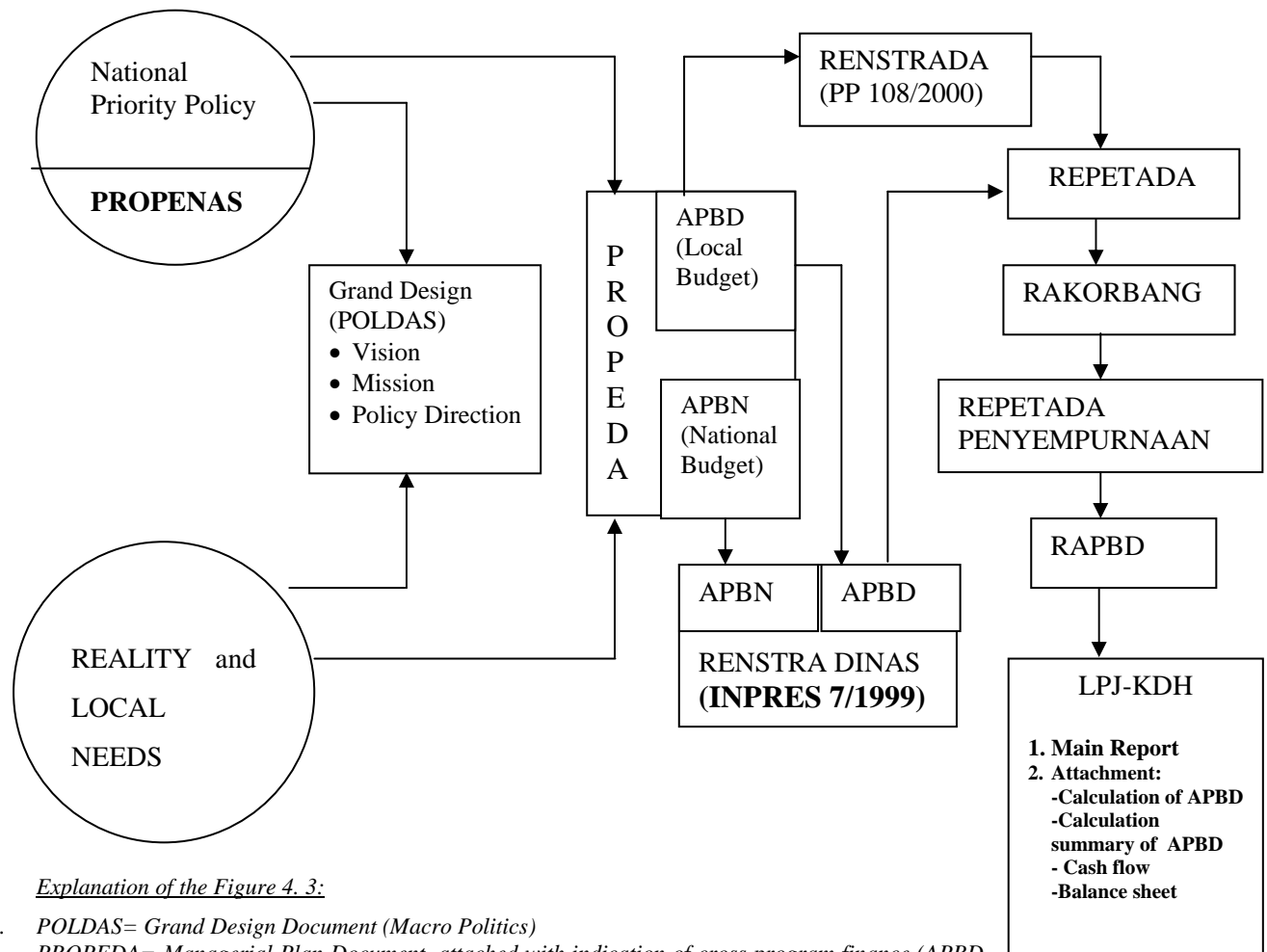
Figure 4.2: The Process of the APBD Formulation



Source: composed based on the manual book for the Strategic Management and Budgeting/Finance Procedures Technical Training for the members of DPRD and Regional Government Official, a cooperation between The Regional Autonomy State Ministry and the University Connection Center-Economic Study, UGM, Yogyakarta, 2000

Besides Figure 4.2, the obscurity of the development planning process in the region can be seen from the excessive number of planning documents in the region. The next picture, Figure 4.3, tries to identify some planning documents and to understand the relationships and the functions of these documents.

Figure 4.3
Steps of Local Planning Process
According to Local Planning Existed Documents



Explanation of the Figure 4. 3:

1. POLDAS= Grand Design Document (Macro Politics)
2. PROPEDA= Managerial Plan Document, attached with indication of cross program finance (APBD and APBN)
3. RENSTRA DAERAH (RENSTRADA)= Strategic Plan Document of APBD and it has function as Annual Report of Mayor/Regent (LPJ-KDH)
4. RENSTRA DINAS= Annual sector /operational plan document and attached with program plan matrix (activity detail)
5. RAKORBANG= Discussion Forum to elect annual program based on Renstrada and Renstra Dinas.
6. REPETADA= List of priority program/activity that will be written in plan of APBD based on availability of Block Grant (DAU) + Special Grant (DAK) + Local Original Income (PAD)
7. Responsibility Report of Mayor/Regent (LPJ-KDH)= it is be delivered in Local House of Representative (DPRD)

Source : Munir, 2002 from Minister of Home Affairs Decree No. 080/1160/SJ

In the regional planning system, there are some planning documents that are related to each other and have a hierarchic relationship (Munir, 2002). These documents function as a guide and reference for the regional development plans. The short-term, middle-term, and annual plans all consist of the following:

1. Master Plan
2. Comprehensive Managerial Plan
3. Strategic Technical Plan
4. Operational Technical Plan

A *Master Plan* is a political document that contains the region's vision and mission, the regional development policy aims, and the long and middle-term purposes (Munir, 2002). The Master Plan is often called the Grand Design of Local Development (*POLDAS*). *POLDAS* functions as the foundation and reference for the government personnel and society in composing and performing regional development programs. Therefore, *POLDAS* is supposed to be based on the potential, conditions, and needs of the region. *POLDAS* contains the introduction, general conditions of the region, vision and mission of the region, aims of the policy, implementation methods, and the closing (based on the Home Affair Ministry Regulation No. 4/1998).

The *Comprehensive Managerial Plan* is a plan that thoroughly encompasses regional development, whether it be funded by the *APBN*, *APBD*, *BLN*, the private sector or society (Munir, 2002). This comprehensive managerial plan document is introduced in the form of the Local Development Program (*PROPEDA*). *PROPEDA* is used as a reference to compose the Local Strategic Plan (*RENSTRADA*) and the Local Annual Development Plan (*REPETADA*). The complexity of the regional development problems that are exemplified in the program description needs to be anticipated and considered carefully using indicators such as the following: (1) situation analysis; (2) Growth Regional Domestic Product (GRDP) and economic growth forecast; (3) regional index; and (4) middle-term national policy that conforms with the Decree Letter of the Home Affairs Ministry No. 050/1240/II/Bangda. *PROPEDA*, consists of an introduction, economic growth forecast and the problems that will be faced, vision, mission, strategy, policy aim and priority of the region, activity and program plan of the region, and the closing.

The Strategic Technical Plan, on the other hand, is more concerned with the technical side and focuses on strategic programs and activities. In the regional planning system, strategic-technical planning is introduced in the form of Strategic Planning (*RENSTRA*). *RENSTRA* is divided into two categories: (1) The Local *RENSTRA* that follows the PP No. 1009/2000; and (2) the service *RENSTRA* that follows the President's Instruction (*Inpres*) No. 7/1999. Based on the Home Affairs Ministry Circular Letter (SE) No. 050/1240/II/Bangda, *RENSTRA* contains an introduction, the economic growth forecast and the problems that will be faced, vision, mission, policy aims and priorities of the region, five-year prioritized activities and programs for the region, working-performance evaluation and assessment, matrix of the region's activities and program indication list, and the closing.

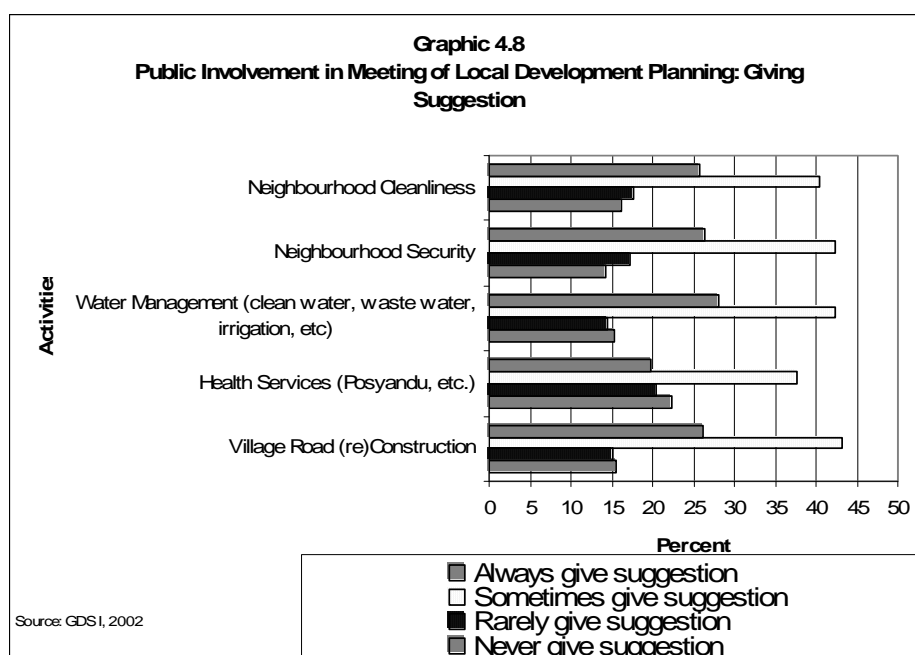
The Operational Technical Plan is often called the Local Annual Development Plan (*REPETADA*). The *REPETADA* is an operational plan that is presented in the form of a project or activity plan complete with a matrix of the action plan, target indicator, and performance of every activity. *REPETADA* functions as an introductory document for the composition of the *APBD*. Every activity needed to fill the requirement can be tested using this logical framework (Munir, 2002).

b. Performance of the Regional Planning System

What are the results from the planning system as explained above? The following is a description that describes the performance of the local government planning in the Regencies/Municipalities in Indonesia.

The first concern is the level of involvement of society in some programs/activities held in their village/residential environments. Graphic 4.8 divides the involvement into 5 activity categories: environmental sanitation; environmental security; water, irrigation, and pollution management; integrated health services (*posyandu*, etc); and street improvement and development (village streets, alleys, narrow streets, etc). On average, in relation to those five activities, 40% of the respondents answered that they often proposes suggestions during the activity planning discussions. From the same Figure, it can also be seen that most suggestions proposed in the discussion concern street improvement and development (Village Streets, narrow streets, alleys, etc). On the other hand, the fewest number of suggestions made

concerned with the health services (such as *Posyandu*). This is so because most discussions held for the village/residential development concerned with physical issues such as the development of streets, sewers, small bridges, and ditches. The discussions held at the village/residential level often also discuss security. This is because most villages/residential areas are not free of theft. In contrast to this, the amount of discussion about the basic needs such as health and education is very small. The frequency of the suggestions concerning health services is therefore less those concerning street development or security. There are two reasons that can be said to be responsible for this phenomenon. Firstly, society still views development as an effort to build physical facilities. This view might be caused by limitations of people's abilities or it might also be caused by the fact that physical facilities are actually needed. Secondly, it is much easier for the bureaucracy, to measure the results of physical development than to measure the results of non-physical development. This encourages the bureaucracy to introduce more physical development to society.

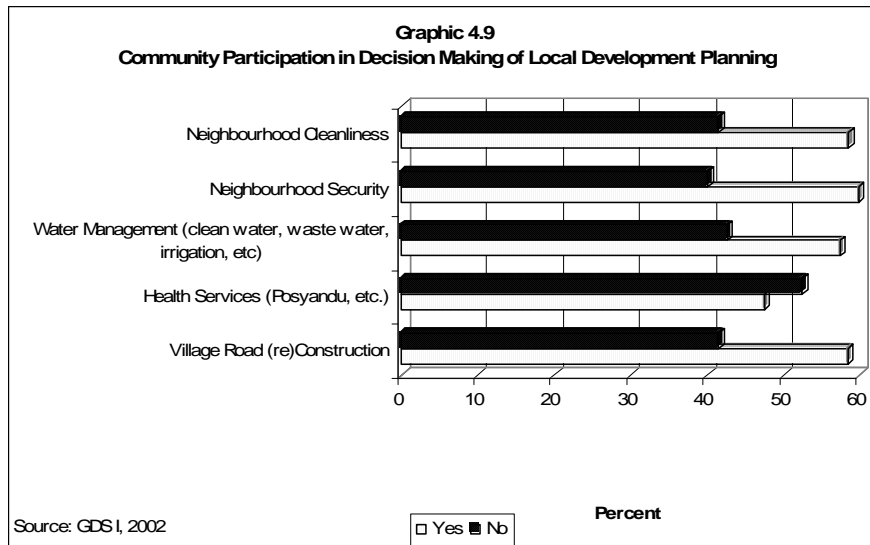


Note: N of the community is 9000 households

The question that is used to further understand how society is involved is whether or not they were involved in the decision making of certain development fields. Graphic 4.9 gives an illustration that strengthens the conclusion of Graphic 4.8, that in general, society is suitably involved well in the decision making for security,

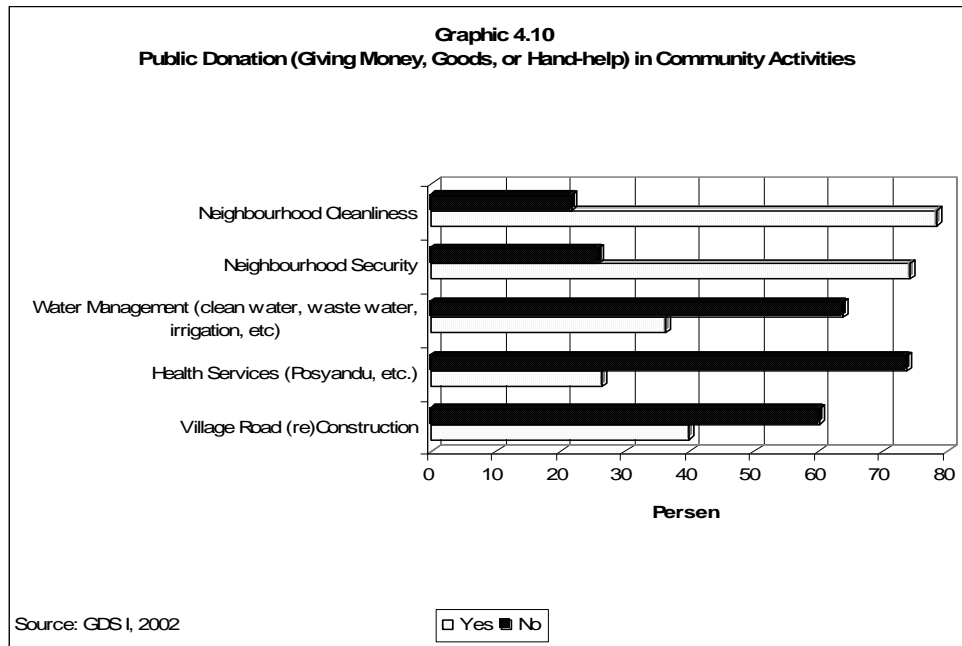
environmental, sanitary, street development, and water management issues. On the other hand, in the health sector, there were more people who responded that they were not involved in the decision making. Once again, the data shows the government dominance in designing the health development. Health development is a national program that is mostly controlled by the Central Government, especially concerning financial support and human resources. Though regional autonomy has been applied for some time, significant improvement in this matter has not been seen. The reason for this is that the Central Government still holds the power to decide how the health development is supposed to be designed. The Local Government, not to mention society, still often has to comply with the Central Government's will. The Local Government cannot refuse the Central Government because most of the finances still come from the Central Government through a de-concentrated fund supply.

When further analysis is done to determine which society members have a higher level of involvement, the GDS I data shows that those who have a higher socio-economic status, whether this is due to their income or education level, are more actively involved. In addition, people living in Java-Bali, especially men are also presumed to be more active. This proves that the processes of policy making in the region to this day is more accessible for those who are more prosperous. The level of education and the ability to converge with the means that support the process of policy making are predicted to be the main factors that cause the well-off to be more active. Why then are woman left behind in the process of policy making? This is related to Indonesian culture, which is patriarchal and places males as the dominant group in the decision making process (political). The process of policy making itself is often considered to be political discourse that is male territory. For this reason, it can be understood why women are marginalized in the decision making process.



Note: N of the community is 9000 households

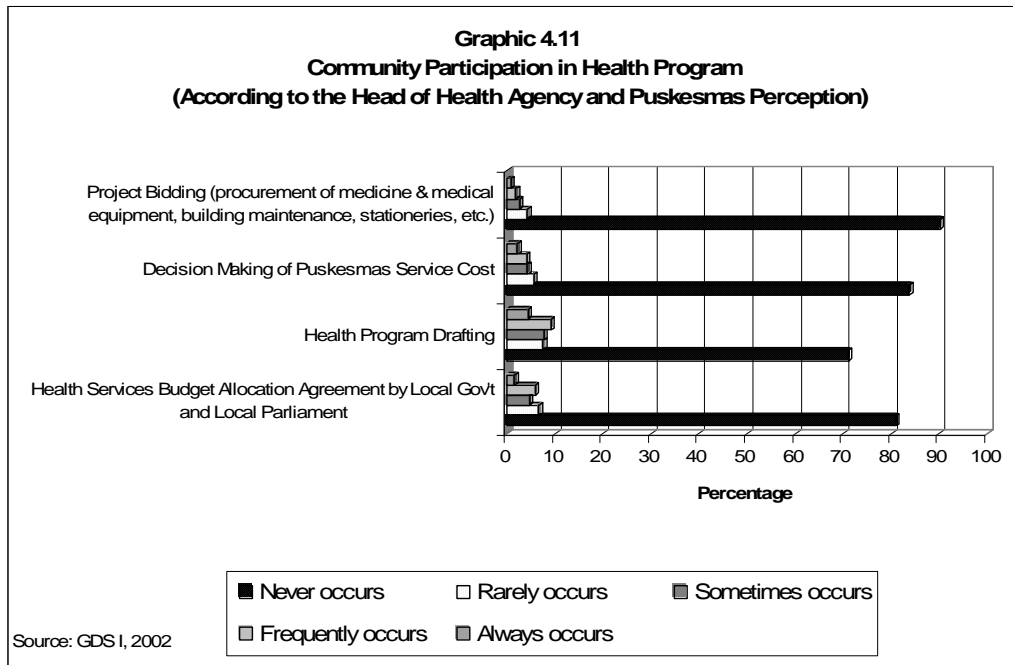
Another way the level of involvement of society can be measured is through their donations, whether in the form of money, goods or energy. Graphic 4.10 shows that people donate more often to activities concerned with the environment sanitation and security than those activities concerned with water management, street development, and society health services. People prefer to donate more to environmental and security programs because these activities require mostly physical labor, which is the cheapest form of donation. Nonetheless, in these last couple of years, the frequency of donations from society in the form of money and energy has increased in many regions, especially in relation to activities that concern street improvement and development. However, this trend cannot yet be viewed as actual society involvement. This is because the occurrence of these donations is closely related to the inducement funds that the Local Government provides in order to place gentle pressure on the societies.



Note: N of the community is 9000 households

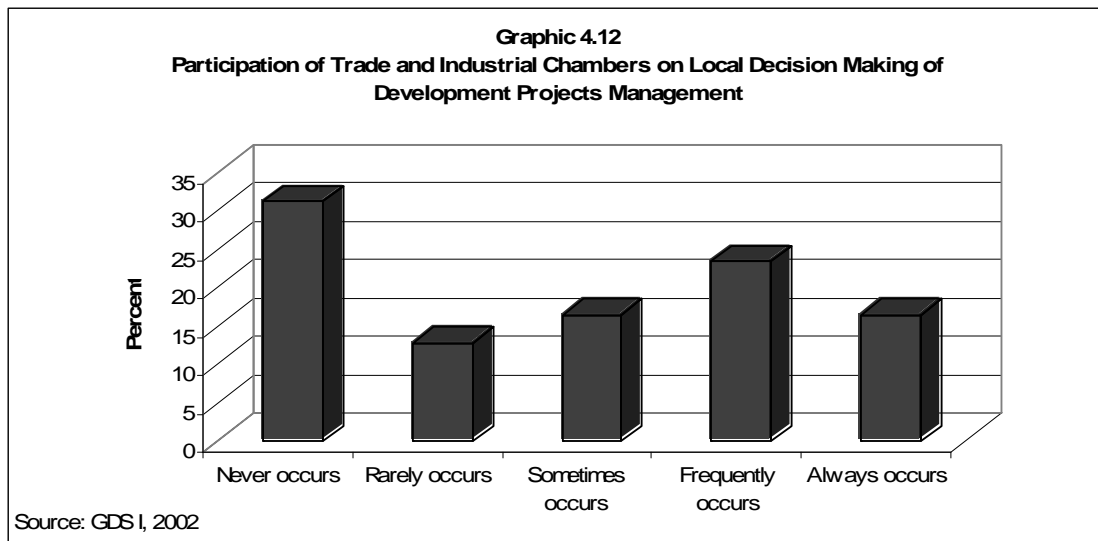
As seen in the Graphic 4.11, the Head of the Local Health Agency and the Head of the Community Health Center (N=750) authority admits that there is a lack of society involvement in the policy making concerning health issues. The authority also admits that the level of involvement of society in deciding project tenders in the agency area, determining services fees, arranging programs, and working out the budget allocation for the health sector is still very low. This is caused by the fact that the authority to decisions making in the public administration is still centralized. Moreover, some of these activities are still fully controlled by the Central Government, especially the Health Department. The most controlled activities are those related to medical equipment and drug provision, building construction, and basic health program arrangements. Most activities that are tendered have a high project value and provisional network that is linked in an orderly fashion from the national to the regional level—such as medical equipment and drug provision. This provisional network is a form of collaboration between the public and the private sectors in the provision of goods for society. It is therefore not easy to that have a high project value, and even more difficult to bypass the provisional networks that have been in use for a long time. On the other hand, intervention in the health program in the region, besides being a direct result of the national health program, is caused by the strong inherited

segmented ideas in the process of development. Technically, this segmented paradigm is carried out through the will of several directorates in Ministry of Health to enforce their programs in the region.



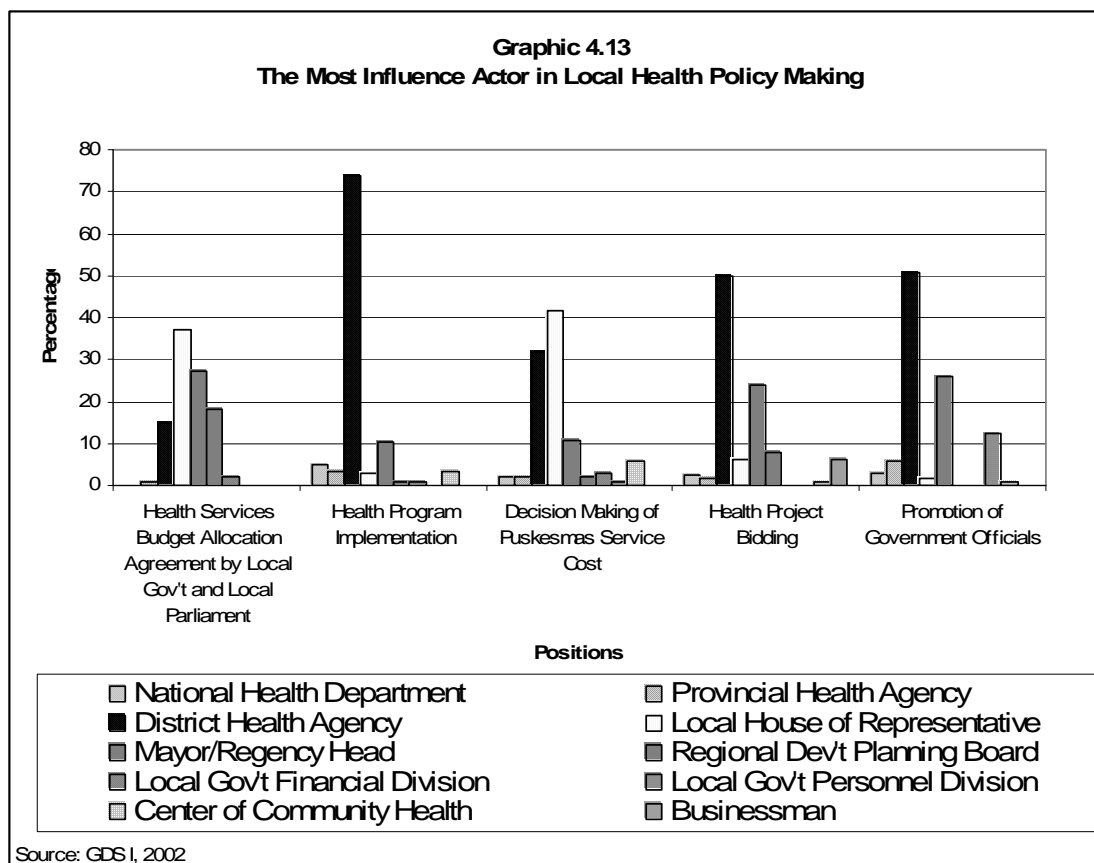
Note: N of the Head of Health Agency and *Puskesmas* is 750 respondents

The Graphic above explains several phenomena of society's involvement in some development activities—including the acknowledgement from the public administration itself concerning the involvement of society in several activities. The next Graphic 4.12 explains the involvement of other stakeholders, such as the businessmen that are part of the Indonesian Construction Businessman Association (*Gapensi*) or the Indonesian House of Commerce and Industry (*Kadinda*). This graphic shows that the largest percentage of businessmen states that they are never involved in the process of development-policy making in their region.



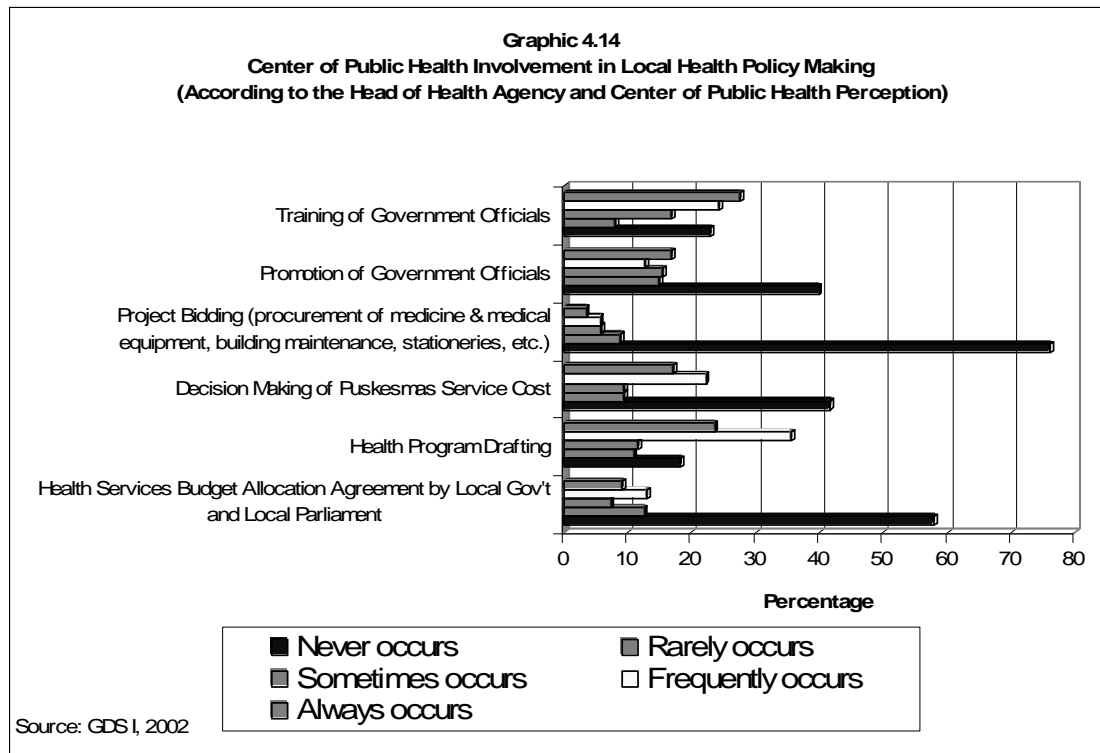
Note: N of businessmen is 600 persons

Who then has the influence in the process of development-policy making in the region, especially in the health sector? Graphic 4.13 identifies the existence of several actors in the region that have important roles in the process of policymaking. The Health Agency has the authority to propose promotions for personnel, to determine project tenders, and especially to execute health programs. The Local House of Representatives (*DPRD*) has the authority to determine the health services fee in the Community Health Centers. This authority is officially held by the Council because the service fee is related to the interest of society. The *DPRD* also has the authority to determine budget allocation for the health sector in the Regional Income and Expenditure Budget. The Regent/Mayor holds almost the same authority. Nearly all of the activities in the region are controlled by the head of the region.



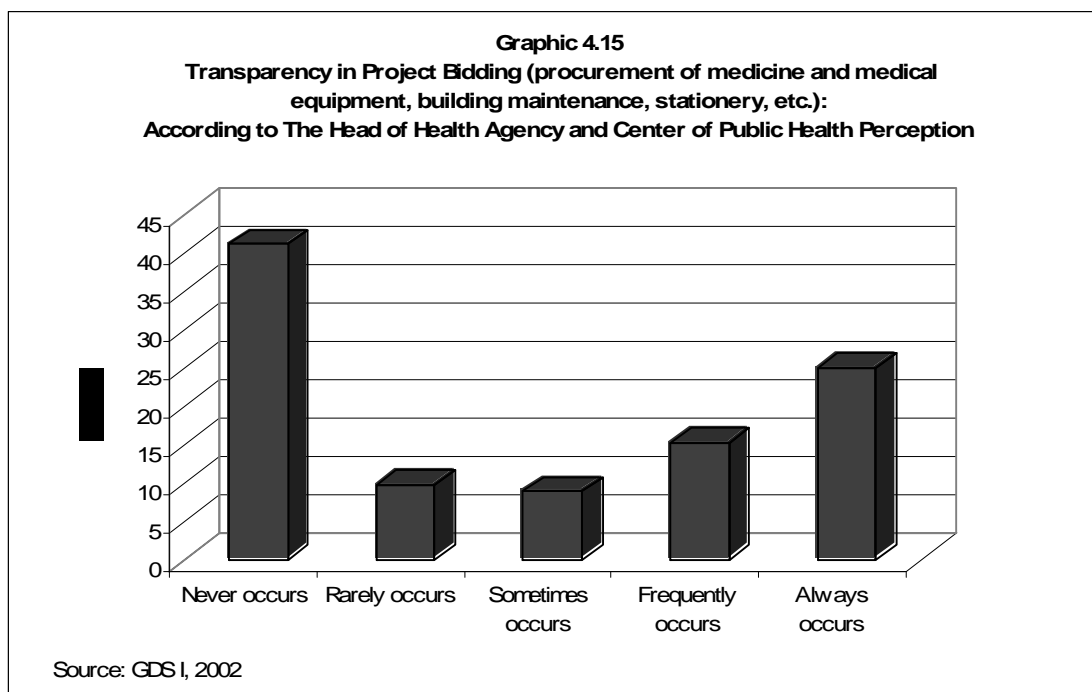
Note: N of the Head of Health Agency and the Head of Community Health Centre is 750 persons

What about the street level bureaucracy is in the front line to give services to society? Do they play any role in the process of policymaking, especially in the health sector? The next Graphic 4.14 shows the role of the Community Health Center in the process of policy making. According to the Community Health Center and Health Agency personnel, they do not have any authority over determining personnel promotion, proposing the health allocation in the Regional Income and Expenditure Budget, determining health service fees in Community Health Centers, or conducting tenders related to medical equipment and drug provision. Community Health Centers only have a minor amount of authority which encompasses organizing health programs and training its personnel. This fact illustrates how the level of the bureaucracy which is assumed to understand the needs of society does not play an important role in determining the services designed for society.



Note: N of the Head of Health Agency and the Head of Community Health Center is 750 persons

The process of development planning, especially at the level of decision making, is believed to be often infested with digressed practices, such as the lack of transparency in the decision making process, which causes corruption, collusion, and nepotism to occur. The next Figure will explain to what extent the practice occurs. Graphic 4.15 shows that most of the Health Agency and Community Health Center personnel admit that the project tenders for medical equipment and drug provision, building development and maintenance, and office stationery is never transparent.



Note: N of the Head of Health Agency and the Head of Community Health Center is 750 persons

According to the head of Community Health Center, corruption, collusion, and nepotism in the health sector usually occurs in the process of drug provision, employee recruitment, determining services fees, and, at the level of practical services, patient admittance. The worst level of these practices occurs during the process of determining service fees (the average amount is 65%), followed by patient admittance (50%), employee recruitment (38%), and drug provision (60%). The discovery also demonstrates that corruption, collusion, and nepotism happens evenly in almost every region in Indonesia, especially outside Java and Bali.

What can be inferred from the discovery? Although Law No. 22/1999 has mandated a decentralization of authority from the central government to the regions, in practice the authority is denoted as a transfer of authority from the political elite and the bureaucrats at the central level to the political elite and bureaucrats at the local level. In some cases, particularly with relation to its financial income, the region is still ruled by the Central Government. This is in fact far from the aim of Law No. 22/1999, which tries to encourage the decentralization of authority in society. There is only a small amount of evidence that proves that in the early years of the application of the Law, the Local Government gave a high level of opportunity to society to be involved

in the process of society-policy making in their owned region. The authority to make decisions was still centralized and controlled by the regional elite, especially the *DPRD* and the Regent/Mayor. Even the street level bureaucracy, such as Community Health Centers, which are assumed to understand the needs of society do not play an important role in the designing of the services given. The result of this centralization of authority is a lack of transparency in the decision-making process that in the end results in several digressions in authority such as corruption, collusion, and nepotism in some government programs and activities.

Unsuccessful Reform

It has been explained above that the procedure for planning a development program at the national or local level is complicated and requires a large amount of funding, energy, and time. The various kinds of planning documents that are required also often result in an inconsistencies in the documents. These problems occur because the procedure that has to be used from the start of the planning process until the final draft has been endorsed is ineffective. The following is the rough cost needed by the Wetan Regency to fund the overall procedure, from the village level to the regency/Municipality level (see Table 4.19).

Table 4.19: A rough prediction of the funds needed by the Wetan Regency for the development planning process

No.	Kind of Activity	Cost per item	Total
1	Development Discussions in \pm 120 villages	Rp 1,000,000.00	Rp 120,000,000.00
2	Development Discussions in \pm 22 <i>Kecamatan (UDKP)</i>	Rp 2,000,000.00	Rp 44,000,000.00
3	Development coordination meeting at the Regency level	Rp 30,000.000.00	Rp 30,000,000.00
4	Meetings in 37 agency/ bureau/ office	Rp 5,000,000.00	Rp 185,000,000.00
5	Meeting in the <i>DPRD</i> (10 times)	Rp 5,000,000.00	Rp 50,000,000.00
6	Coordination Meeting with the border regencies/municipalities	Rp 5,000,000.00	Rp 5,000,000.00
	Total		\pm Rp 434,000,000.00 (€40,000.00)

Source: composed by the prediction of the author

The total amount, Rp 434 million is a fairly accurate estimation of the money that has to be spent by a region that has a fairly large area. The number itself can increase or decrease due to expenses that are related to the development planning process, such as socialization and publication. These expenses are difficult to calculate. Every year from February to December, every government department is busy planning the development that will be carried out by the department in the next budget year. In other words, the planning process has become a routine activity carried out by every government department every year. This fact depicts the working pattern of each government department. It is very likely that the department spends 50% of its time on the planning process and only 40% on the implementation.

This total amount funds for planning process is actually a large number for the *APBD*. It could in fact fund a number of projects that are directly related to public interest. The large amount of money that is spent eventually becomes ineffective, because the final result of the planning that is endorsed by the executive and the legislative committees is often far different from the proposal that was put forward by society and other non-government group. A member of the Kulon Regency *DPRD* from the *PDIP* once tried to trace back the plan that had been endorsed to find out what the original proposal was that came from the *Kecamatan*:

“I once tried to trace a proposal that came from our Kecamatan. I found that the result of the planning is completely different from the proposal that is recorded in the Kecamatan”

He suggested that the difference is the result of the discussion at the level of the Regency/Municipality. In the process, political interferences from the members of the *DPRD* (either personally or through the party), the head of the region, and also others from outside of the government, often have influence. The influences from these people in determining a regional policy, program, or project, is far greater than the influence of the people that actually wrote the proposal.

An example of a project that was the idea of the head of the region is the building of the international capacity football stadium in the Giri Regency. The project was estimated to cost approximately 60 billion Rupiah. It was planned that 60% of the total funding would come from the Central Government while the rest would be paid for by the Giri Regency Government. However, the agreement for this funding

composition was actually only given orally by the Central Government through the Department of the internal Affairs. Thus, when the project was only to 20% finished and the funding from the Central Government stopped, the project also stopped. The region could not afford to fund the project by itself. Nonetheless, there are some programs in the region that were the ideas of the Giri Regent that can be considered a success. One of these programs is the Matram Sewer Revitalization. This program started in 2003 and focused on the sewer that is located near a university. This area needed to be revitalized because it had started to become a slump neighborhood that was crowded with vendors that ignored the beauty and the orderliness of their environment. The Regent came up with the idea after he went to several countries—one of them being Singapore—for a comparative study in the revitalization of regions that had the same problem as the Matram Sewer. This policy was at first opposed by the vendors and some NGOs because they thought that the vendors would be evicted and lose their income. However, after a series of long discussions and after sending some of the vendors representatives to Singapore to see the project, the policy was finally accepted by most people. Now, the area has become an ideal place for trade and the environment is very orderly.

The difference between the final result of the planning and the proposal that comes from the society is not completely the result of mistakes made by the bureaucracy and the political elite. Society themselves tend to follow more on wants than their needs in proposing a proposal. This can be seen by the fact that most proposals that are proposed are related to physical projects, such as village roads, gateways, announcement boards, night-watcher gazebo buildings, and so on. Society does not seem to have sufficient abilities to identify their actual needs. This lack of ability actually exists because the proposals are made at all levels by the elite that are commonly economically prosperous. All of the *Bappeda* officials from the six regions complain about proposals that are considered to be inappropriate needs of society.

The inefficiency of the planning process, especially the original proposal, increases when the bureaucrats act in the interest of their own group or department and not for the public when carrying out the planning. The following is a statement made by one of Giri Regency *Bappeda* staff who is often involved in the program composition:

“The strategy and priority composition did not reflect the priority of the program and that activity that should be carried out. It reflects to balance the activity of the existed agencies. This related to bureaucrats perception that consider more activities is more income”

The statement proves that during the planning of a program, the policy, programs and projects chosen are not based on an objective analysis. It is very often the case that the planning is a result of a conspiracy among government units. They conspire to get money from the projects and activities implemented by their units. It is publicly known that the budget allocated to a project is often much larger than the budget that is used to fund the project. In addition to this there is often illegal over quotation and reduction of the project value so that when the project reaches society the value is very small. The research that was conducted by GDS I found that the over quotation could reach up to 30% of the total amount. This occurred especially in the projects tendered to private companies. The money from the over quotation was then divided among all personnel in the Regent's office, including the typists and the janitors. In this case, the largest amount, 10% of the total, was taken by the regent.

The fact that a budget allocation is indeed a work and income balancing among the government units can be studied from the planning model that is still very fragmented. As explained in the previous section, the project and the activities that are designed by the government department every year are always almost the same as the previous years. The difference is usually only the location, the target and the budget—the budget is the same as the previous years budget with a 10% rise in costs. Therefore, in the planning process, there is not any careful planning done based on the actual needs of society. In other words, the planning is based more on the needs of the government department units. Therefore, to fulfill those needs activity balancing in the planning process has becomes the most effective way.

Even though the sectorized system had been left since the implementation of the regional autonomy, this system is still strongly used in the planning process. The simplest proof of this is the organizational structure of the *Bappeda* that still consists of the Physical Sector, the Economic Sector, and the Socio-cultural Sector. The division of the structure into those three sectors often means the program and project composition is segmented into these three sectors. In the history of Indonesian public administration, this segmentation has been worsened by the unwillingness and the

incapability of the personnel to coordinate with the other sectors. The planning process is therefore still sectorized and the result is also segmented based on the division. This segmentation occurs from the *Kecamatan* level up. The following is an example of a proposal in 2005 for activities in the socio-cultural sector from the Geka *Kecamatan*. It was proposed to the Prajan Municipality *Bappeda* (see Table 4.20).

Table 4.20: An example of a 2005 proposal for activities in the socio-cultural sector from the Geka *Kecamatan* to the Prajan Municipality *Bappeda*

Field	Program	Activity	Output/ Target	Location	Budget		Explanation
					Municipality <i>APBD</i>	Self-funding	
General Adminis- tration	1. Government Practice	1. Development/Coordination of <i>RT/RW</i> , <i>LPMK</i> , <i>Karang Taruna</i>	Departmental Empowerment	<i>Kelurahan</i> Kotabaru	500.000	250.000	Administration Division
		2. <i>Kelurahan</i> profile making upgrading	Departmental Empowerment Neighborhood watch gazebo	<i>Kelurahan</i> Kotabaru	450.000	100.000	Administration section
	2. Public security and orderliness improvement	Security and orderliness development	<i>Kelurahan</i> Civilian guard	<i>Kelurahan</i> Kotabaru	3.250.000	-	Orderliness Agency
Health	Society health development recovery	1. Mosquito nest extermination	Society	<i>Kelurahan</i> Kotabaru	2.250.000	-	Health Agency
		2. <i>PHBS</i> Socialization	Society	<i>Kelurahan</i> Kotabaru	500.000	-	
		3. Lung TB and <i>PMO</i> information giving	Society	<i>Kecamatan</i> Geka	3.500.000	-	
		4. PMT for the children and the elderly	Society	<i>Kecamatan</i> Geka	36.000.000	-	
Populatio n Affairs	Registry and population services improvement	Birth certificate ownership improvement	Socialization for Society	<i>Kecamatan</i> Geka	1.200.000	-	Population Agency Registry office
Social	1. Facility improvement for Social welfare and people empowerment sector	1. Capital grant and development for the elderly	Society	<i>Kecamatan</i> Geka	900.000	-	Social welfare and people empowerment agency
		2. <i>Posyandu</i> <i>APE</i> aid	Society	<i>Kecamatan</i> Geka	1.000.000	-	
		3. <i>PSM</i> development	Society	<i>Kecamatan</i> Geka	3.000.000	500.000	
		4. USEP KM Development	Society	<i>Kecamatan</i> Geka	-	-	
		5. PPKBD development	Society	<i>Kecamatan</i> Geka	1.200.000	-	
	2. Youth empowerment	<i>Karang Taruna</i> development		<i>Kecamatan</i> Geka	-	-	
Sports	Sports Empowerment	Sports gear aid	Society	<i>Kecamatan</i> Geka	-	-	<i>KP3OR</i>

Source: Prajan Municipality *Bappeda*, 2005

It can be observed in Table 4.20 that the government also divides the socio-cultural sector into several fields, these being general administration, health, population affairs, social activities, and sport. Almost every region has the same form of classification as above. The classification simplifies the budget allocation process for the government. However, it results in enormous difficulties because the classification unable personnel to organize their programs into one integrated program that aims at the policy priorities that have been previously determined. An example of this occurred in the health and social fields. The health field runs the health development recovery program for society, but the social division also has a facility improvement program in the social welfare and people empowerment division. Both programs carry out similar activities and could actually be merged into just one program.

The same thing also happens in the programs that are carried out by agencies. The health agency, for example, divides its programs into four parts, the disease Prevention and Extermination program, the Society Nutrition Improvement program, the Health Services program, and the Society Health Improvement Program. The Society Nutrition Improvement Program, which consists of Family Nutrition Improvement, Nutrition and Food Viability System, and a Food Supplement Improvement for Students, can be merged with the Society Health Improvement program, which consists of several activities, such as a Healthy Children Competition, Poor Family *JPKM*, and *Posyandu* Revitalization. In addition, the Society Health Improvement Program is also similarity to the Health Services program, which consists of activities such as Health Services Aid for Poor Families; Drug, Food, and Drink Supervision and Developments; Medical Surgery for Harelips, Cataracts, and so on.

The above examples show that the sectorized system is still prevalent in the program, project, and activity planning. One of the causes for this condition is the organizational design and management of the government department that still encourage the sectorized system to be practiced. The health agency mentioned above for example, consists of four sub-agencies, Disease Prevention and Extermination, the Society Nutrition Improvement, the Health Services, and the Society Health Improvement. However, it is almost guaranteed that there would be strong resentment

from the personnel if the structure of the agency was simplified, through merging the sub-agencies that have similar functions. The segmentation of the agency structure strongly affects the planning process, because the sub-agencies usually divide the activities equally among all of the existing sub-agencies. The division of the activities without the consideration of their relationship results in the redundancy of resources, because each activity has to be carried out separately even though many of them have the same purpose.

The analysis of the above data shows that administratively there have been inefficiencies in the regional development planning process. The cost, in the form of funds, energy, and time, is larger than the results that can be obtained because the final result of the planning is possibly completely different from the proposal that came from society. This means that there are many aspirations from society that cannot be accommodated in the development planning. Nonetheless, on the other hand, this long and weary/tiring process is actually a logical consequence of the democratic political system. It can be seen that the Local Government is desperately trying to accommodate all of the existing interests in the planning process, though unfortunately the results of the planning do not indicate these efforts. Nonetheless, the effort can at least be understood as an effort to pacify the larger conflict that might occur between the government and society.

D. Conclusion

Comparing the performance of the reform components as explained above, the performance of the local public administration reform in the research regions studied show some differences, whether in the organization, personnel, finance, or planning method (see Table 4.21). Positive institutional reform (successful) was experienced by three regions, these being Giri Regency, Prajan Municipality, and Alit Municipality. Meanwhile, three other regions, Kulon Regency, Anom Regency, and Wetan Regency, showed negative results (failed). In the personnel reform, the Giri Regency and the Kulon Regency were the two successful regions; the Prajan Municipality and the Alit Municipality had a medium level (+/-) of success; and the Wetan Regency is considered to have failed. Compared to the reform components of organization and personnel, financial reform was harder and none of the regions managed to perform it

successfully. The financial reform success of the regions is only at an intermediate level—except for the Anom Regency and the Wetan Regency which are considered to have completely failed in the evaluation. From all of the reform components, the planning method reform was the most difficult to implement. None of the regions succeeded, and only the Alit Municipality was able to perform this reform successfully at an intermediate level.

If the regions are classified into three groups, successful, partially successful, and failed, there are three regions that were successful in performing public administration reform, the Giri Regency, the Prajan Municipality, and the Alit Municipality. The Kulon Regency is considered to have been partially successful while the other two regions, the Anom Regency and the Wetan Regency failed in implementing all of the reform components.

Most regions had no difficulties in reforming the public administration with the objective of achieving competency. Therefore, they were relatively successful in implementing institutional and personnel reforms. On the other hand, they faced difficulties in reforming planning methods and financial aspects. Most of them failed except the Alit Municipality, which successfully reformed the planning methods (if this is measured by increasing community participation in local development). In other words, not all regions can reform the public administration if the objective of the reform is to make the governance system effective. This is related to the Indonesian political system which is still characterized by elitism, primarily in policy making. It is therefore difficult to involve non-state actors in the policy making process.

Table 4.21: Comparison of the success of local public administration reform in the 6 research regions

Districts	Public Administration Reform Components				Public Administration Reform Performance
	Organization	Personnel	Finance	Planning	
Giri	+	+	+/-	-	Successful
Prajan	+	+/-	+/-	-	Successful
Kulon	-	+/-	+/-	-	Partially Successful
Anom	-	-	-	-	Failed
Alit	+	+/-	+/-	+/-	Successful
Wetan	-	-	-	-	Failed

Source: Primary data

Note: + = successful; - = failed; +/- = partially successful

CHAPTER V

Central Government Role

This Chapter discusses an independent variable which influences local public administration reform. The independent variable is the central government's role, which consists of two major variables, Decentralization as an Architecture Reform Variable and the Policy Reform Variable.

This chapter will first explain what the local administration structure is according to Law No.22/1999 and Law No. 25/1999 which became a foundation for the implementation of local autonomy. The background of the decentralization policy will also be explained including a depiction of some actors' positions and interaction within decentralization policy making, and how the central government played their role, especially during the initial implementation of the decentralization policy. Secondly, this research will use the policy reform in the health and education sectors as explanation samples on what the central government's role and was how policy reform interacted with administrative design. Finally, the research will also explain what the influence of two variables towards public administration reform in six research regions is.

A. The Political Configuration that Follows the Formulation and the Implementation of Law No. 22/1999 and Law No. 25/1999

1. Administration Structure Based on the Law No. 22/1999

The turning point of the Indonesian administration system was the changing of the centralized system into a decentralized one. This system change was legally and formally recognized with the legalization of the Law No. 22/1999 on the Local Government and Law No. 25/1999 on Intergovernmental Finance. On January 1, 2001, those two laws were put into operation. The important thing in those laws was that the central government gave the authority to the local government to manage its own region. This meant that there was a new paradigm in the regional management system. The local government, which used to

only be the executors of programs made by the central government now, had to be able to make its own programs and to manage them according to the characteristics of the region.

As stated by the Law No. 22/1999, an Autonomous Region is “a unity of legal society that has specific borders, has the authority to manage and care for the local people with its own initiative that is based on the people’s aspiration inside the nation union of the Republic of Indonesia.” Meanwhile, Local Autonomy is defined as “the authority of an autonomous region to manage and care for the interests of the local people with its own initiative based on the people’s aspiration in accordance with the Constitutional Regulations”³⁹.

In the forming of a region according to the Law No. 22/1999 on Local Government, consideration should be given to the following:

- a. The economic ability factor;
- b. The regional potential factor;
- c. The socio-cultural factor;
- d. The socio-political factor;
- e. The number of the inhabitants’ factor, and other factors that could support the running of the regional autonomy.⁴⁰

The power sharing between the center and the region was implemented with the unitary state principle, but with a spirit of federalism. The authority that was handled by the center was the same kind as the one handled by the Government in federal countries, such as the foreign affairs, security and defense, trials, monetary, religion, and other matters that are more efficiently handled centrally such as macro-economic policy, national standardization, governmental administration, state business agencies, and human resource development. All of the areas that were handled by the center were stated explicitly in that law. In the law draft that was proposed by the Government, religion was one of the matters that was handed over to the autonomous region as a part of local autonomy. However, the MUI (Indonesian Muslim Leader Association) conveyed its

³⁹ Article 1 items h and i Law no. 22 / 1999

⁴⁰ Article 5 Law 22 / 1999

objections to the Parliament and urged the Parliament and the Government to retain the religion matters because it was worried that religion-based regions would soon appear.

The autonomy given had wide, realistic, and responsible characteristics. It was called wide because law only gives the rest of the authority held by the center to local governments (as in the federal country); it was called realistic because the authority ran lived, developed, grew, and needed by the region; it was called responsible because the authority given should be used to achieve the aims of local autonomy, which were the improvement of services and people's welfare, the development of the democracy, equality and justice, and the maintenance of the harmonious relationship between the center, the regions and between the regions. In addition, the wider autonomy (autonomous freedom) in practice also meant a unified and compact authority for planning, execution, supervision, controlling, and evaluation. The autonomy that was given to the decentralized regions was also followed by the giving or handing over of the finances, means and infrastructure, and human resources. Since a province was considered to be an autonomous region and was also an administrative region, the authority handled by the province or the governor also included authority in the framework of decentralization and de-concentration. The authority that was given to the Province as an Autonomous Region in the framework of decentralization includes the following:⁴¹

1. Authority run by the Regency and the Municipality, such as authority over public services, transportation, forestry, and plantation fields;
2. Other governmental authority, such as the macro planning and controlling of regional development, training in potential human resource allocation fields, research within the Province's territory, management of the regional harbor, environmental controlling, trade and culture/tourism promotion, handling of contagious diseases, and spatial arrangement planning for the province;
3. Authority over sea areas including the exploration, exploitation, conservation, and management of sea resources; the organization of administrative interests, the spatial arrangement, the law enforcement, and assistance for the state's security and independence;

⁴¹ Article 9 Law 22 / 1999

4. Authority that was not able to be handled by the Regency/Municipality was given to the Province with a formal statement from the Regency/Municipality.

It can be observed that the criteria used in deciding the kind of authority given to the autonomous provinces is based on the efficiency of the province. This means that the province holds a kind of the authority seemed to be more efficient than that of the center, the regency or municipality—certainly with the exception of the authority given to a special province.

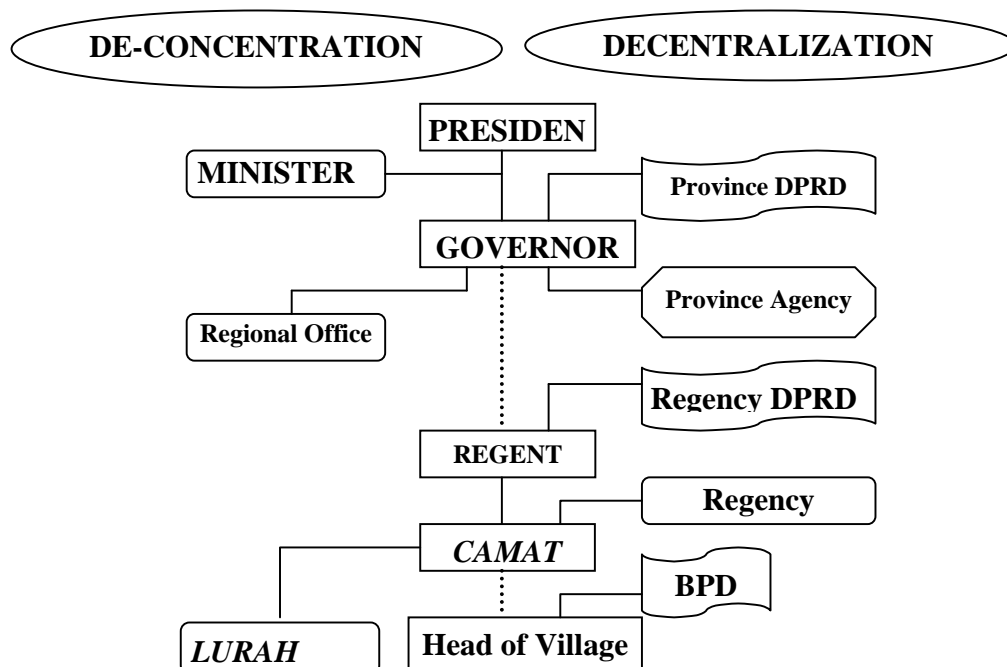
Seeing the purpose of the local autonomy (the type and the amount of the authority), it appears that the economic growth and infrastructure provision are considered to be more important than the improvement of basic needs, public services and people's welfare—unless the economic growth is indeed intended for the creation of work opportunities. The improvement of people's welfare will probably be handled by the province, if the autonomous regency/municipality unable to implement autonomy or because the center handed it over to the province⁴².

The decentralizing of authority to the region is arranged based on the pluralism of the autonomous region and the local autonomy. The autonomous region is no longer arranged by level (Dati I, Dati II, and the village as the lowest governmental administration unit) as in the New Order period, but divided, based on the type into, the autonomous region of province, regency, municipality, and the custom-society union (e.g. village). The type and the amount of the duties and the authority given to the autonomous region (local autonomy) are no longer standardized, except for some specific cases. Meanwhile, for the optional authority, the regency and municipality autonomous regions are fully authorized to choose the type and the time of execution. The difference between each autonomous municipality/regency lies not only in the type of optional authority handled, but also in the type of obligatory authority that is able to be handled. If this obligatory authority can not yet be handled, the authority will be take over by the province, for a period of time.

Structurally, the governmental hierarchy in Law No. 22/1999 that gives a more autonomy to the Region can be described as follows (Figure 5.1):

⁴² Ramlan Surbakti,— *Otonomi Daerah Seluas-luasnya dan Faktor Pendukungnya*, working paper, 2000.

Figure 5.1: Governmental Hierarchy Based on Law No.22/1999



In the framework of a unitary state, the Central Government still possesses the authority to supervise the autonomous region. Nonetheless, the supervision of the center over the region is still balanced by the larger amount of authority possessed by the autonomous region, and vice-versa. There is therefore a kind of authority balance: the supervision is not structural, where the Regent and the Governor act as the representatives of the central government and also as the head of the autonomous region is also not constitutionally preventative anymore, where each Regional regulation needs the central government's approval to be issued.

According to Law No. 22/1999, the Regent/Mayor is the heads of autonomous regions who are chosen by and responsible to the *DPRD*. They can be dismissed by the *DPRD* in the middle of the administration period, although administratively the installation or the dismissal of the head of a region (through the issue of a Decision Letter) is still under the authority of the President. The governor, on the other hand, still serves concurrently as the central government representative and as the head of the autonomous

region. The Law No. 22/1999 regulates the authority of the Center and the *DPRD* to control the governor. The governor is the supervisor for the Center over the autonomous region. This new law was passed based on the law of supremacy. This means that every regional regulation made by the *DPRD* and the head of the region can be issued without any approval from the Central Government. Nonetheless, the Center can at any time postpone or cancel the regulation if it is considered contradict the Constitution, the legislation, or the public interest principles. Some short explanations of Law No.22/1999 can be seen in Table 5.1 below.

Table 5.1: Main Points of Law 22/1999: Local Government

Main Points	Explanation
Principles of administration	Decentralization (Devolution), De-concentration (Administrative), <i>Medebewind</i> (Co-administrative)
Kinds of Authority	The local governments have obligatory authorities (sectors) including health, education, public works, environment, communications, agriculture, industry and trade, capital investment, land, cooperatives, and manpower and infrastructure services (Art.11). In the elucidation of this Article: While local governments can hand back functions that they cannot perform to the province, this is not permitted in the case of the obligatory functions.
Central Government's Role	Central government remains responsible for national defence, international relations, justice, security, religion, and monetary and fiscal policies. With this authority, the centre is allowed to maintain its organizations' branches in local areas. However, the centre also has several policy functions for which it can no longer maintain an organization in the local area. These include national planning, intergovernmental fiscal policies, state administration, human resource development, natural resource utilization conservation, and national standardization (Art.7)
Provincial's Role	The province is an autonomous region and it has no hierarchical relationship with the local government (municipality/regency). It has the function of coordination among municipality/regency in performing sectors (authorities). It can also, at the request of local governments, take on tasks that the local governments cannot yet perform. The main continuous function of the Governor (not the province) is to perform the task of de-concentrated. He/she is the central government representative in the province area.
Head of Local Government	The head of local government and his/her vice is elected by the Local House of Representatives (DPRD) for a period of 5 years. The DPRD can discharge him/her for

	reasons specified by the law, including lack of health, lack of belief in God, death, abuse of position for personal wealth, etc (Art. 33 and 49). A head of local government can also be discharged for reasons relating to performance if his annual accountability speech or his special accountability speech is rejected twice by the DPRD (Art.46). For this reason, two thirds of the DPRD members must be present at the meeting to discharge the head of local government, and two thirds of them must endorse the discharge.
Local House of Representatives (DPRD)	Members of the DPRD are elected through a general election that is held once in 5 years. They represent political parties that compete in the general election. Political parties can recall their members who sit in the DPRD for reasons specified in the political party's policies. Funds for the DPRD's work are included in the annual local budget.
Local Civil Servants	The local government has the right to manage its civil services, including hiring, firing and determining the number of civil servants in the local area. However, this Law conflicts with the Civil Service Law (No.43/1999). In this Law, the central government still determines to a large extent the civil service wages: base wage, position allowances, and family and rice allowances. Development of job classification and accompanying qualification standards is still controlled by the civil service agency (BKN).
Organization	The structure of local government organizations was regulated in the Government Decree (PP) No.84/2000, and was then changed by PP No.8/2003. This decree regulates and limits in detail the number, size and rank of the various agencies in the local government in detail.

Source: Law 22/1999

2. Background of the Local Autonomy Policy

The policy to hand over authority to the region through local autonomy, based on Law No. 22/1999, is closely relate to the political and economic events that initiated the fall of the New Order Regime. The monetary crisis and the economic bankruptcy that were experienced by Indonesia in 1997 resulted in a peak of public distrust of the ability of the New Order Regime to fulfill the needs of the people. People were starting to get impatient, and this was supported by the spread of the democratic and human right issues, which put pressure on some of the elite groups that had been Soeharto's followers to

withdraw their support⁴³. The same occurred with the Middle Class in the urban areas that had actually benefited from the development that was carried out by the New Order Regime: they started to get nervous and prepare for the downfall of the Regime. Most of the support in this Middle Class group came from educated people and businesses people who had started to feel dissatisfied with the increase in socio-economic disparity, as well as with the limitations of the political roles enforced by Soeharto's circle of authority. Some people even dared to point out Soeharto's family businesses that had earned much profit during his ruling period. There were incredible political intrigues among the elite and the military that were very unlikely to happen during years of Soeharto's rule⁴⁴. The fact that he was aging added to the decline of his ability to control the political situation. The authority that was previously held by Soeharto now started to break apart and was distributed to many actors. It can be inferred that since the economic crisis and the Central Government's bankruptcy, the patronage politic structure that was one of the foundations of Soeharto's rule started to loosen up.

Another big thing that occurred was the dissatisfaction of some regions toward the Central Government, for under the Regime, most of the natural resources in the regions were taken by the Central Government. This dissatisfaction was comparable to the *PRRI/Permesta* (a name of rebellion) mutiny in West Sumatra and South Sulawesi that was actually caused by the dissatisfaction of the people towards the natural resource sharing between the Central and Local Governments. A large number of mine, forest, sea, and plant products were taken over by the State, and the Central Government took a larger share than the regions that owned the natural resources. This profit-sharing model was considered to be even more unfair when these natural resource products were then only enjoyed by a few people through corruption and collusion. In addition, as a result of the development model that tended to profit Java more than areas outside Java, local issues occurred. The situation encouraged several local elite to use the issue to gain support in

⁴³ The group came from the military, bureaucracy, and *Golongan Karya* as the political party (ABG) that had been a loyal supporter of Soeharto's authority for 32 years.

⁴⁴ The most interesting rumor that occurred at that time, before the fall of Soeharto, was that Soeharto and his family disliked Lieutenant General Prawobo Subianto who was the commander of *Kopassus* (Special Forces Unit) for he was considered disloyal because he joined the pro-reform group. Lieutenant General Prabowo Subianto was Soeharto's son-in-Law and the son of the Indonesia economic Maestro, Soemitro Djojohadikusumo.

their region by putting blame on the Central Government. Some regions even started to ask for independence⁴⁵, or at the very least supported the idea of a federal country as proposed by the political figures of that time⁴⁶. The idea was mostly inspired by the success of the East-Timor Province in liberating itself and becoming an independent country and by the rebellion of the Free Aceh Movement (*GAM*) that started to demonstrate its power at that time. Amien Rais wanted to consider federalism as a long term objective of Indonesia, the first step of which would be giving broader autonomy to the regions. Mar'ie, however, saw the establishment of a federal state as an urgent necessity needed to dissolve growing tension and upheaval in the region. A loose federal system could accommodate the spirit of regionalism and provide a political solution to regional unrest which, unless given an outlet, could lead to unilateral action that would break up Indonesia.⁴⁷

The idea to form a federal country was very strongly opposed by people who supported the union of the Republic of Indonesia. These people came from the nationalist group that were supported by the Indonesian Democratic Party for Struggle (*PDIP*), which was led by Megawati, and the military group that at that time was under the influence of the Minister of Defense, General Wiranto. The nationalist group was very determined to oppose the federal system because it was considered to be the beginning of the breakdown of the Republic of Indonesia. In order to conform to the public opinion of that time, they decided to support the autonomy, even though they actually preferred the centralized system that had been used so far. In their opinion, the centralized system was more proficient in ensuring the unity and wholeness of the Republic, because the system would suppress the potential disintegration that was growing in the regions⁴⁸. Despite the strong nationalist group opposition toward the ideas of federalism and decentralization, they could not avoid public opinion that demanded a fair Central-Regional Government

⁴⁵ Several elite in the regions such as Riau, Aceh, East Kalimantan, and Papua, which have a large quantity of natural resources, tended to choose independence over autonomy. In Aceh and Papua, this choice resulted in armed mutiny that drained a large amount of money from the government budget.

⁴⁶ The idea of a federal country was first proposed by Amien Rais, one of the reform figures that played a large role in the fall of Soeharto and then became the head of the *MPR*. This idea also received support from Mar'ie Muhammad, the Minister of Treasury that was considered to be the cleanest Minister in the late period of the New Order Regime.

⁴⁷ Ida Mokhsen, 2003. "*Decentralization in the New Order Indonesia*", Australian National University dissertation

⁴⁸ The tendency of this nationalist group to prefer the centralized governmental system caused Megawati, in her ruling period as the fifth president (2001-2004), to often criticize Law No. 22/1999 for its shortcomings.

relationship. This was added with the fact that during the 32 years period of the New Order Regime, a centralized system caused disparity and inequality among groups and regions. In general, it can be inferred that the anxiety and the decline of the region's trust toward the Central Government was a threat that possibly weakened the unity of *NKRI* which had always been a symbol of the New Order Regime's success in its 32 year ruling period. According to Pratikno (2003), a combination of public pressure and the lack of Central Government legitimacy would play a part in determining the decentralization policy after 1999.

To stop the increasing demand from some regions for an independence that could cause the breakdown of *NKRI* vessel, the *MPR* issued *TAP MPR* No. XV/1998 on Local Autonomy, Revenue Sharing, and Intergovernmental Financial. With this decree, the region was promised a greater autonomy that was different from the autonomy based on Law No. 5/1974 that was only administrative. President BJ. Habibie, the ruling president at the time that replaced Soeharto, used this momentum to gain support from the regions by trying to speed up the composition of a new constitution based on regional autonomy. In 1999, the DPR and the government then agreed on Law No. 22/1999 on Regional Government and Law No. 25/1999 on the financial balance between the Central and Regional Government. Both laws became a legal foundation for the local autonomy implementation policy. Nevertheless, neither was accomplished quickly because the government was not prepared to compose the hundreds of Governmental Regulations that would be required as a consequence of the implementation of the laws.

According to Pratikno (2003), the composition of these two laws was something that was done unwillingly by the Central Government under President Habibie at that time. As it is widely known, Habibie's administration inherited the wretched economics, morals, and politics of the New Order Regime. One thing, Soeharto the leader of the New Order Regime, did not leave for Habibie was amount of the sufficient economic and political power which had been the foundation of his authority during his 32 year resign. The view that Habibie was a legacy of the New Order Regime was still quite apparent to society, especially after he did not manage to take Soeharto, his family and his corrupt associates to court. Furthermore, Habibie's cabinet was still filled with people who were

raised and educated under the New Order Regime. Habibie tried to cover this fiasco using an egalitarian leadership style and portraying an image of a clean leader, but this did not work well. Another way he gained public support was by making bulky pro-reform policies. Thus, it is not surprising that Habibie's government was the shortest lived government ever, but produced the largest number of laws, including Law No. 22/1999 and Law No. 25/1999. Because both laws were made in a hurry, it is reasonable that they both had many weaknesses in them.

Evidence that the laws were made in hurry can be seen in the fact that they contradict other laws. One example is Law No.43/1999 on Civil Servant Management, which was issued only a few months after the enactment of Law No.22. This Law gave the authority over civil servant management to the President. This Law also required the central government's approval for staff recruitment and promotion in the regions. Contrary to this, Law No.22/1999 decentralized the authority over local personnel management to the local public administration. This contradiction created tension between the central and local governments (Mokhsen, 2003).

Another example is Law No.22/2001 on the mining sector, which allowed the central government to retain the right to award lucrative mining contracts and set the terms, including how the profits and royalties or fees should be shared out. This Law conflicted with the Article 8 of Law No.22/1999. This caused disappointment in some regions (Mokhsen, 2003).

It is possible that the contradiction between one constitution and the other was caused by the sectoral characteristics in the Indonesian public administration, where each sector tended to work on its own. It was even often the case where many institutions handled the same sector but each worked independently. One director in the Ministry of Home Affairs explained the situation:

“There is not only at local level, some officer at central government level don't have capability to see what happened in citizenship/resident does. For example is the amount of resident, now what institution should be responsible to manage it? The Population Registration (Adminduk) in Ministry of Home Affairs namely is the General Director of Adminduk. Meanwhile, quality of human resource (resident) is carried out by the Ministry of Woman Empowerment. The quality of human resource also

carried out by Board of National Prosperity and Family Planning (BKKBN), and the Department of Transmigration also manage resident mobility. So, resident's affairs are managed by 4 ministries/departments"

The rush in this constitution composition can also be seen from the large number of the Governmental Regulations (more than 200) that had to be made to support the implementation of these two laws. Almost all of the articles indicated that to implement these laws, Governmental Regulations were needed. The problems that arose from the inconsistency of one Governmental Regulation with another has not yet been considered, and will be discussed in the next part.

Referring to the rush in the process of composing the two laws on local autonomy that resulted in unclear authority between government levels, the Director of the Ministry of Home Affairs made an interesting comment:

"For me, it is a discourse which has occurred in early twentieth century in America, a debate between politics and public administration. If politics gets firstly the power, but politics do not know how to implement. Meanwhile, public administration takes the power, but public administration does not know how to get finish its duty. I fully understand because the designers of Law No. 22/1999, most of them are politicians and political experts"

Most of the people who composed both laws were experts in political science, or people still active in a political party. The basic idea of composing these laws was to decentralize the authority from the Central Government to the Local Government because the Central Government was still in the midst of economic and political decline. With this opportunity for authority sharing, an effort was made to facilitate the authority transmission to the region through the laws as the legal foundation.

In spite of their shortcomings, both laws that regulated the Regional Government implementation gave a different trend to the autonomy policy. If during the implementation of Law No. 5/1974, the autonomy that was given to the region was only administrative (elusive autonomy), then with the new laws, autonomy was defined as a process of policy making and asset control by the region as written in the laws. The emphasis of the autonomy was on the regency/municipality. This was achieved by deleting the concept of Second-Level Region and First-Level Region. The consequence of

this was that the regency/municipality was no longer under the authority of the province. Both now had level positions. The Regent/Major no longer filled the *Head of Field Administration* position, but was the head of the local self-government. A number of Department Offices that were branches of the Department in the regency/municipality were closed and merged into autonomous agencies, with the exception of the Religious and Court Affairs. The new laws on Regional Government did indeed strictly remove the administrative field position from the regency/municipality. In other words, the integrated *Prefectoral System* that was centralistic and became the foundation of the Regional Government system based on Law No. 5/1974, was replaced with the *Functional System*. The older system was believed to have caused confusion in the understanding of the concept of local autonomy during the implementation of Law No. 5/1974 that the region, especially the regency/municipality, became less developed and was very dependent to the Central Government policy.

3. The initial Implementation of the Local Autonomy Policy and its Impact on Local Public Administration Reform

The 1999 General Election resulted in a new political power configuration both in parliament and the national leadership. The *MPR* that was formed in October under the leadership of Amien Rais then chose Abdurrahman Wahid as the fourth President replacing BJ Habibie⁴⁹. The same as his predecessor, President Wahid also tried to gain public sympathy from the region by supporting regional autonomy. In his cabinet, he formed the State Ministry of Regional Autonomy Affairs. This ministry, led by Ryaas Rasyid, was responsible for preparing everything related to the implementation of the local autonomy policy⁵⁰. The hardest assignment of this ministry was the coordination of the preparation of the Governmental Regulation composition which consisted of more than 200 Governmental Regulations. Not only that, the ministry also had to amend other

⁴⁹ Abdurrahman Wahid was the head of the Nahdatul Ulama (NU), the biggest Moslem Organization in Indonesia that has suburban people as its base members. In addition, he was also active in some NGOs that voiced democracy and humanity. Physically, Abdurrahman Wahid was limited after his stroke. His vision was very bad.

⁵⁰ Ryaas Rasyid was an expert on government sciences and one of the people behind the composition of Law No. 22/1999 and Law No. 25/1999.

laws to be in line with the laws that on local autonomy. The preparation of the Governmental Regulation composition for the implementation of Law No. 25/1999 was done mostly by the Ministry of Treasury. The large numbers of Governmental Regulations that had to be made, faced many problems, such as coordination problem between the departments. This was difficult, especially since politically the State Ministry of Regional Autonomy was a new ministry that had not yet been properly *established*. Until early 2000, the progress in this preparation was so slow that the regions and the political experts protested. They considered the Central Government to be incapable of and unwilling to implement the new de-centralized policy. The director of the Home Affairs Ministry agreed with this:

„The problem is a blurred boundary between the Central Government and the Local Government. The local government is just like very depressed person transformed into a free man. On the other side, the Central Government, they have loss a huge amount of authority, and they don't want to lose their authority. So, the local government feels that they aren't totally free because the Central Government is chasing their tail”

In order to pacify the region and due to the pressure of many groups, the Central Government announced that the new regional autonomy laws would be implemented from April 2000. Not surprisingly, the deadline was not achieved since there were very supporting regulations. Thus, as was predicted before, the government had to postpone the implementation to, the earliest September and the latest January 2001.

During the preparation period, many political and administrative changes occurred. In April 2000, President Wahid signed in the action form of a board, as mandated by Law No. 22/1999, the Regional Autonomy Consultative Board (*DPOD*) that was to make policy suggestions, whether to the President or the DPR, on the preparation of the implementation of local autonomy⁵¹. One of the *DPOD*'s assignments that was performed

⁵¹ Article 115 elucidated that the *DPOD* function was to give consideration to the President on: a) the forming, deletion, mergers, and expansion of regions, b) the balancing of Regional and Central Government finance, and c) the ability of the regency/municipality to perform certain tasks as stated by Article 11. The *DPOD* was headed by the Minister of Internal Affairs, and the Minister of Treasury worked as the deputy. The members were the Minister of the State Secretary, other Ministers as required, Representatives from the Regional Government Association, and Regional Government Representatives that were chosen by the *DPRD*.

well was the formation of new autonomous regions. By the end of 2000, four provinces and around 40 new regencies/municipalities had been formed⁵². Meanwhile, the other two *DPOD* assignments were performed very slowly. The success of the *DPOD* in forming new autonomous regions was actually caused more by strong political pressure from the regions to form new autonomous regions. The new de-centralized policy had indeed changed the political configuration at the local level, especially in the reappearance of the local elite that had so far had been unable to fulfill their wishes to control local politics. The excessive regional spirit as a response to the repressive attitude of the Central Government during the New Order Regime, combined with the occurrence of the native issue encouraged the formation of the new autonomous regions.

As well as agreeing to the formation of the *DPOD*, the President also agreed to form a Coordination Team to implement Law No. 22/1999 and Law No. 25/1999. This team was headed by the State-Minister of Regional Autonomy Affairs. The team functions were to prepare the strategy for autonomy, compose the draft of the supporting implementation regulations, and monitor the improvement of the autonomy. However, the performance of this institution did not differ greatly from the State Ministry of Regional Autonomy Affairs. It lacked the capability to produce supporting regulations that were desperately needed by the regions in order to implement the autonomy policy. This occurred because the government departments that were under the coordination of the State Minister of Regional Autonomy were not serious in wanting to transfer some of the authority that had been under their control for years to the regions. This was the reason why the composition process of these supporting regulations was always stalled.

The first Governmental Regulation that was directly related to the implementation of autonomy was *PP* No. 25/2000 on the Central Government and the Regional Government Authority. The Governmental Regulation that was issued around May 2000 was actually very confusing because Law No. 22/1999 stated that the autonomy was to be given to the regency/municipality but the Governmental Regulation only included the central and the provincial authority, while the regency/municipality authority was ignored. The Central Government's argument was that the giving of authority must be done step by

⁵² Ida Mokhsen, 2003, *Ibid*

step, taking into account the abilities of the region. In other words, the Central Government was actually still in doubt about the ability of the regency/municipality government to take over the authority as mandated by Law No. 22/1999 (Dwiyanto, 2003). However, according to one of the personnel who also helped compose the Government Regulations, the theory that was used to compose the Government Regulations was the Residue Theory. Based on this theory, the regency/municipality regions only get the leftovers of the authority that was previously distributed to the Central and Provincial Government. This proves that the Central Government was indeed still reluctant to hand over its authority to the regencies/municipalities. Information from another source showed that the Governmental Regulations were made because the Central Government did not have any information on the abilities of the regencies/municipalities to use its authority (Dwiyanto, 2003).

The following is the opinion that was given by one director in the State Ministry for State Personnel Empowerment in relation to the performance of PP 25/2000:

“Unfortunately, this regulation failed to clarify the division of power between the different levels of government. All activities to be performed by the central and provincial government are listed in this regulation, but it is not clear what powers are actually being devolved to the district level. Moreover, responsibility over most sectors is shared. Meanwhile, it is not clear how the coordination should be done. As a scholar noted, the regulation fails to clarify where the power to govern lies”.

Since this Governmental Regulation was issued, local autonomy became very hazy because this regulation did not clarify the authority of the regency/municipality as mandated by Law No. 22/1999. The lack of clarity as to where this authority lay then affected the implementation performance of each authority. We can look back to the GDS I 2002 data on the opinion of the respondents in the region. More than 50% of both government and non-government officials felt that the issue on the authority sharing between the Central, Provincial, and Regency/municipality Government was the first local autonomy problem that had to be solved (Dwiyanto, 2003). There were also many government officials in the research region that complained about this authority sharing. They argued that the indistinctness and the uncertainty of the problem affected their work

performance, because the supporting regulations from the region that were supposed to be used as the legal foundation for the authority also became hazy or even not existed. This included their activity in performing the public administration reform in the region. Responding to this sluggishness, Ryaas Rasyid reasoned that until the local autonomy was fully implemented, several central institutions had not yet facilitated the authority giving as mandated by *PP* No. 25/2000. Until this happens, there are still many constitutional products (Presidential Decrees mostly) required by the region as a legal foundation to perform various government services that are not yet available⁵³.

The General Director of Public Administration, from the Department of Internal Affairs, admitted that there was friction between the authority of the Central and Regional Government. The spacious autonomy as regulated by Article 7 (2) and Article 9 (1) tended to be understood “*literlijk*” and considered every authority beyond the authority of the Central Government as the full authority of the region. On the other hand, the sectoral department in the Central Government also based their actions on each sectoral law that was supposedly adapted to Law No. 22/1999. This had apparently not been done yet⁵⁴. This confession supported the previous statement that there were still indeed many sectoral laws that were not synchronic with the laws that regulated regional administration.

One of the reasons for this indistinctness of authority was the inexistence of a hierarchic relationship between the provincial and the regency/municipality governments. For most of the regencies/municipalities, this was used as a reason for them not to obey the province’s Governor anymore. Ryaas, as the designer of these laws, acknowledged the divergence. The concept of the inexistence of level-autonomy was also included in Law No. 5/1974, though it was not stated explicitly. Subsequently, Ryaas criticized the Governors that still carried on the old bureaucratic culture that tended to be patrimonial and accused this culture as being the reason for the governors’ complaints that the regency/municipality did not obey them anymore. Furthermore, Ryaas stated that they

⁵³ Ryaas Rasyid. 2002. *Otonomi Daerah: Latar Belakang dan Masa Depan*, a paper presented in a National Seminar „*Setahun Implementasi Kebijakan Otonomi Daerah*“ that was held by the masters program of Regional Autonomy and Local Politics, UGM

⁵⁴ Ryaas Rasyid. 2002. *ibid*

who desired the autonomy to be placed in the hands of the province instead of the regency/municipality placed the province in an almost equal position to that of the State in the Federal System⁵⁵.

While the debate on this hazy authority sharing was not finished, there was political turbulence in the Central Government caused by the closure of some Ministries, including the State Ministry of Regional Autonomy Affairs in August 2000, President Wahid was the one that made these changes⁵⁶. The Ministry then merged into the Ministry of Internal Affairs, and its status was changed to be at the same level as the General Directorate. Anything that was related to the local autonomy was now automatically handed to the Ministry of Internal Affairs, which in that period was headed by Surjadi Sudirdja⁵⁷. Besides for budget reductions and simplification of the government institution, it is not clear why the government closed the State-Ministry of Regional Autonomy Affairs. However, according to the director of the State Ministry for State Personnel Empowerment:

“...the closure of the Ministry of Regional Autonomy indicated that the Government did not consider local autonomy a priority. The Central Government’s half-hearted approach to local autonomy policy was also underlined by the appointment of Surjadi Sudirdja--a retired military officer--as the Minister of Home Affairs and Regional Autonomy because he did not seem to support the implementation of local autonomy policy”.

In the above explanation, it was stated that one of the anti-autonomy groups was the military that was worried that the implementation of autonomy would result in the disintegration of the nation. Surjadi, a former military officer felt that most regions were not prepared to implement the autonomy, and that did not even understand autonomy (Mokhsen, 2003, see also *Media Indonesia*, 20 March 2000).

Since the Minister of Regional Autonomy was dismissed and the Ministry of Home Affairs was controlled by people who were not pro-autonomy, the influence of the group that wanted to restore the centralized system was getting stronger. These groups

⁵⁵ Ryaas Rasyid. 2002. *ibid*

⁵⁶ Ryaas Rasyid then placed the position of the Minister of State Personnel Empowerment.

⁵⁷ Surjadi Sudirdja was an army retiree. His last rank was General Lieutenant. Before he was appointed as the Minister of Internal Affairs, he was the Governor of the Capital the Special Region of Jakarta.

were those who lost their authority through the implementation of Law No. 22/1999 and Law No. 25/1999, such as the technical departments in the central and provincial governments. The pro-autonomy group in the regency/municipality governments showed their strength by forming an association that included the DPRD. Ryaas Rasyid once even suggested the formation of a kind of a board outside the *DPOD* consisting of members from various departments to speed up the implementation of local autonomy. The council would prevent centralistic ambitions in the bureaucracy and cut the red tape to bring about concrete and effective changes. Ryaas's proposal was, however, rejected by President Wahid. Instead, he established the Directorate General of Regional Autonomy within the Ministry of Home Affairs to take up the tasks previously performed by the State Ministry for Regional Autonomy (Mokhsen, 2003)⁵⁸.

Ryaas even suspected that there was a tendency for the Central Government to slow down the process of local autonomy using various ways, such as withdrawing the authority through Presidential Decrees and Circular Letters from the Minister of Internal Affairs/the Head of the Land Agency, a unilateral decision by some departments on the decision of authority given to the regions, including the tardiness in the process of making hundreds of President's Decisions on the standard of minimum services that was required as a guidance for the regional regulations contained in various fields of government services⁵⁹.

Thus, since that moment, the future of local autonomy as mandated by Law No. 22 and No. 25/1999 became indistinct in every way. The concepts that were developed in composing the supporting regulations were often different from the spirit of the laws. An example of this is a Governmental Regulation that signed by President Wahid in September, PP No. 84/2000 that the structure of the Regional Government personnel. Based on Law No. 22/1999, Article 28, it was clear that the arrangement of the Regional Government personnel was under the full authority of the region, considering the needs and the conditions of each region. However, this Governmental Regulation explicitly

⁵⁸ The increasing difference between President Wahid and Ryaas Rasyid on the preparation of the implementation of the local autonomy, according to Mokhsen, was the reason why Ryaas Rasyid, the initiator of the local autonomy, resigned from the cabinet.

⁵⁹ Ryaas Rasyid.2002. *ibid*.

withdrew the authority, and the Central Government then tried to make the positional structure of the Regional Government uniform. This Governmental Regulation also had several weaknesses. The following is the opinion of the director of the State Ministry for State Personnel Empowerment:

„PP 84/2000 introduces a “one size fits all” hierarchy for regional officials. At the provincial level, the top position is the Provincial Secretary at echelon Ia. Below the Provincial Secretary are the Heads of Provincial Dinas at echelon IIa. At the district level, the top position is the District Secretary (City Manager), at echelon IIa. Below the Secretary are the heads of District Dinas at echelon IIb. This regulation was criticized for it did not take into account the different sizes of provinces and districts. For example, the secretaries for Mojokerto Municipality with 100 thousands citizens and Surabaya Municipality with almost 3 million residents have the same status. Clearly the task of the Secretary of the metropolitan city of Surabaya is much more complex than that of the Secretary of the town of Mojokerto”.

The echelon uniformity between governmental levels, even between regions with different challenges, affected the working motivation of the officials. The officials in the complex region would complain that the heavy workload of his/her echelon level was considered equal with that of the officials in other region with the same or different government levels.

Besides its weakness in the ability to determine the echelon structure based on the difference in the duties between the regions, this Governmental Regulation was also flawed in that it did not have specific indicators as the foundation for the formation of an organizational unit in the region. Many regions arranged their organizations without considering the needs and conditions of the region. This arrangement was often aimed at accommodating the interests of the bureaucratic and the local political elite that wanted to retain their positions in the bureaucracy. Meanwhile, on the other hand, there were several regions that tried to arrange their organizations to be as compact as possible by merging several agencies into one agency. Unfortunately, the mergers often did not calculate the similar functions. The result was that the working rhythm of the organization became awkward as the duties of several areas no longer worked in synchrony.

This Governmental Regulation also proved that the reform effort was only partial because the calculations that were done on this Governmental Regulation did not include a

regional financial burden. Based on this Governmental Regulation for example, almost all that were once echelon V became echelon IV, echelon IV became echelon III, and echelon III became echelon II. The officials in the region welcomed the raise happily because the structural allowance was also raised. However, the direct result of this was that APBD that was used to pay the raise doubled. According to Mokhsen's calculation (2003), at that time the allowance raise was 140.000 Rupiah for the lowest echelon and 3,5 million Rupiah for the highest echelon. In addition, there were many regions that in practice did not dismiss all of the echelon V, considering the region's needs and humanity factors. As the result, the region's financial burden was heavier through paying these allowances. The excessive amount of structural allowance for the officials is believed to be the main factor in the increase of the budget used to finance the bureaucracy. In practice, this budget was even larger than the budget for the regional development. According to Mawardi (2002), many regions used 80%-90% of its APBD to finance the regional executive or legislative overhead expense.

In relation to the personnel authority, the government issued Governmental Regulation No. 96 to No. 101. According to Mokhsen (2003), these Governmental Regulations contradicted PP. No. 84 because they gave full authority to the Head of the Region to manage the personnel. PP No. 96, for example, states that:

„Regional heads are fully responsible for defining formation (size of local government), recruiting new personnel, appointing staff, assessing performance, promoting staff and paying salaries and allowances“

This contradicted PP No. 84 that implicitly stated that there is still Central Government authority over the personnel management in the region. An example of this was the determination of the echelon and its structural allowance, which was carried out by the Central Government. This contradiction often caused confusion in the region in the management of personnel. Some regions raised their personnel levels rapidly to balance the echelon raise. On the other hand, there were also some regions that did not do this. For the new personnel recruitments in particular, almost every region agreed to carry out a recruitment process, though the new recruits were classified as honorary employees. This was because the recruitment process affected the remuneration that was to be paid, while

at the same time the payment system was still controlled by the Central Government. The large desire to recruit coupled with the payment system limitations resulted in a swollen number of honorary forces in every region.

The region's employees that wanted to move to other regions also complained about the payment system policy that was attached to the *DAU*. It was not easy to move salary from the *DAU* of one region to another region⁶⁰. Especially for regions that had to exclude the salary of personnel that moved to other regions, this condition meant a *DAU* reduction whilst the Regional Government was still trying to increase the amount of the *DAU* through various means⁶¹. During the same period, the mobility of personnel from one region to another was very low. When personnel had to move to other regions, they had to wait for some time before they could receive their salaries again.

The fear of the region of having its budget reduced, added to a faulty perception on the success of local autonomy that was measured by the success in increasing the tax and retribution revenue, had encouraged the regions to create several tax and retribution quotation policies that disadvantaged society and the private sector. These conditions were also supported by Law No. 18/1997 that handed the full authority to the regions to create various kinds of regional taxes and retribution. Even though this Law was then revised through Law No. 34/2000 on Regional Tax and Retribution, there was still the impression among the regions that freedom through autonomy could mean a way to increase income through tax and retribution. Based on the Regional Autonomy Watch, there were many regional regulations on regional taxes and retributions that were considered to be a problem because they disadvantaged the business world⁶². The Central Government,

⁶⁰ Before the *DAU* system was implemented, the payment for the personnel was done through the Autonomous Region Funding (*SDO*). This was paid directly by the Central Government through the State Treasury Office that was in the region.

⁶¹ It had been a public secret in the regions that during the implementation of the local autonomy and *DAU* system, many regions conducted blunt lobbies to the decision makers about the number of the *DAU*, though there had been general guidance for this matter. They often spent hundreds of million of Rupiah just to increase the amount of the *DAU* that would be received by the region.

⁶² In the process of transporting fruit and vegetables from North Sumatra Province to Jakarta, for example, an illegal tax in every regency/municipality, which the vehicles pass through carrying the fruits and vegetables. As the result, when the commodities arrive in at their destination, the price is expensive and it is the consumer who is disadvantaged. Another example is what happened in regency in Java. The regency quoted a higher tax for companies that worked over time telling that it was for the prosperity of the employees that worked over time. This argument contradicted the productivity of the work because the companies that wanted to be productive by working overtime were burdened with the tax.

through its Department of Internal affairs, withdrew the Regional Regulation and problem was solved.

Another problem related to the budget that drew public attention was the performance-based system that was implemented based on *PP* No. 105/2000 on Regional Accountability and Financial Management. The purposes of the implementation of this performance-based budget were as follows: a) to identify the output and the outcomes of the Regional Government's programs and services; b) to determine the targets of the output and the outcomes; c) to relate the cost to the desired result and the strategic planning that has been decided upon. The implementation model of the performance-based budget was fully adopted from the performance-based budget of the Regional Government in the USA⁶³. For some time, Governmental Regulations could not be implemented because there had not been any implementation regulations. They were implemented in 2002 through the Minister of Internal Affairs' Decree No. 29/2002 on the Guidance of Management, Responsibility and the Supervision of the Regional Finance, the Procedures of Regional Income and Expense Budget composition, the Implementation of Regional Finance Management, and the Income and Expense Budget Calculation composition.

In principal, the new performance-based budget would be effective if the composition involved several actors in the region that worked together, such as the Regent/Mayor, the Regional Government Officials—especially those responsible for financial matters, the *DPRD*, and society. The head of the region and the *DPRD* were particularly responsible for the composition of the budget policy, including activity priorities, while the financial officials are responsible for the composition of the guidance for the budget composition process and the budget composition coordination. At the same time, society acts as an overseer and has the right to propose the needs that will be transformed into the budget. This principle is based on the political and the government system in the USA that is relatively stable and disregards the political conditions in Indonesia, especially the reform era, during which the cooperation that was expected in

⁶³ The development and the implementation of the performance-based budget model in Indonesia were assisted by the Building Institution for Good Governance (BIGG) which is based in the USA.

the composition of the performance-based budget could not be performed well. There was often collusion between the head of the Region and the *DPRD* because the *DPRD* had the authority to elect and to dismiss the Regent/Mayor. The uncertainty at the level of the policy makers also affected the uncertainty of the Regional Government in composing the budget. In the end, they would again use the old system of budget composition. Society, as a part of civil society, in many regions in Indonesia often did not have adequate bargaining power, that controller function could not be done.

Technically, the composition of the performance-based budget required a period of time, especially during the transition period from the old budgeting system. According to the Center for local Government Innovation (CLGI, 2003), there are some steps that have to be performed to compose performance-based budget. The steps are as follows:

- Conversing frequent budget into operational budget (determining the activity that has to be performed by each working unit; every frequent expense is included into the operational budget in the form of operational activities of each unit)
- Composing the performance indicators for the development budget (Each project has to become an activity that can be measured and have the indicators for the input, output, and outcome performance)
- Separating projects that are in the development budget into operational expense and capital expense (Projects that are recurring are included in the operational budget; the projects that are non-recurring are included in the capital expense; the activities that can be included in the capital expense are only the activities that are in the form of construction, investment, or asset that the nominal number reaches a certain number)
- Preparing the budget in the performance-based form (changing the budgeting format into the performance-based budget template)

The complicated mechanism of budget composition, considering the capabilities of the limited human resources of the personnel, often created frustration among the personnel that composed the performance-based budget. On top of this the reality was that the budget composition process was filled with political intrusion/influence that was able

to change the composition procedure and the budget substance. Furthermore, according to CLGI (2003), the technical weaknesses of the performance-based budget are followings:

- The unit cost is not always a significant indicator of the success of the target achievement of the organization unit.
- Various activities carried out by the organization unit are not the only determining factors of the physical results (output) or the quality of the public services (outcome)
- The total cost is not compiled accurately, therefore the unit cost is not an efficient indicator.
- The funding proposal for each activity only consists of a single estimation, therefore it is difficult to compare different funding proposals.
- Only an annual program is covered, so that the continuity of the program cannot be seen in one budget book.

The problems of performance-based budget were not only those mentioned above, because the budget then had to be related to Law No. 25/1999 on how the Balancing of the central and Regional Finance was implemented. One of the Governmental Regulations that was issued to implement this Law was PP No. 104/2000, which was on the formula of the revenue sharing from natural resources exploitation. In addition, the formula that used to calculate the amount of the *DAU* of each province and regency/municipality was also arranged. The *DAU* used the fiscal gap concept in which the *DAU* for each region was determined by the region's need (fiscal needs) and potency (fiscal capacity). In other words, the *DAU* was used to cover the gap that might occur when the needs of a region exceed the potential of the region's income. The needs of a region were determined using the variables of total population, territory width, geographic conditions, and income level. The economic potential of a region was determined by the variable of regional income potential, such as industrial potential, Natural resources potential, human resources potential, and the *PDRB*.

As it could be predicted, many regions were not satisfied with the calculation of the *DAU*. This resulted in the occurrence of lobbies aimed at raising the amount of the *DAU*. The General Director of Financial Balancing in the Department of Finance admitted

that the formulation and the calculation of the 2000 *DAU* was considered to contain many defects, especially in relation to fairness among the regions. This was understandable considering that the process was run in the early stages/first year of the implementation of the fiscal decentralization⁶⁴. The regions that protested first were the regions that were rich with natural resources. They considered the Central Government to have overlooked the natural potential of the region. On the other hand, many regions that did not have adequate natural resources often complained about the increasing burden on their *APBD* as the result of the transfer of Central Government personnel to the region. Because of the complaints from the regions, in the fiscal year of 2002 there was a commitment between the Government and the Budgeting Committee in the *DPR* to re-calculate the formula for the *DAU*. The next *DAU* formula was the result of recommendations from four universities in Indonesia (UI, UGM, UNAND, and UNHAS) and was legalized through PP No. 84/2001 as the replacement for PP No. 104/2000 on Balancing Funds⁶⁵.

The indefinite amount of the *DAU* affected the composition of the performance-based budget, in that each region composed its budget based only on predictions. There was a tremendous amount of uncertainty among the regional officials that were responsible for composing the budget. For this reason they did not have a very high expectation for the performance quality, especially in the 2001 fiscal year. At that time, it was often the case that in one budgeting year there were budget changes two or three times. The process of budget composition at that time was so exhausting, politically and administratively, that in the end it affected the quality of the development. A quite large problem, for example, once occurred when the President, Abdurrahman Wahid, decided to raise the civil servant's salary and the position allowance in the January 2001. Many regions had to borrow up to a billion Rupiah from the Ministry of Treasury just to cover the civil servant salary accumulation. This was a consequence of the pay rise policy⁶⁶.

⁶⁴ M. Mahfud Sidik, *Perimbangan Keuangan Pusat dan Daerah sebagai Pelaksanaan Desentralisasi Fiskal (Antara Teori dan Aplikasinya di Indonesia)*, a paper that was presented in a National Seminar “*Setahun Implementasi Kebijakan Otonomi Daerah*” that was held by the Regional Autonomy and Local Politics Masters Program, UGM

⁶⁵ In this replacement *DAU* formula, there were not any regions that received lower *DAU* than in the 2001. The government provided an extra 2.054,72 billion in order to achieve those targets.

⁶⁶ The Regional Government of Sleman Regency, for example, had to borrow 16.8 billion Rupiah from the Ministry of Treasury.

These loans drained the budgets of the Regional Government, because they had to pay the money back to the Central Government using the following years budget.

In the following budgeting years, the uncertainty was still relatively high although the *DAU* had been allocated based more on the needs of the bureaucracy, and there had been a formula that in the Central Government's opinion had given an advantage to the region. The reason for this was that the region still experienced some difficulties in changing its budget system into a performance-based system, and it was therefore difficult to achieve good planning.

Another problem in the finance was the regional authority for planning. Law No. 22/1999 had explicitly stated that with the giving of the autonomy to the regency/municipality, full authority over planning policy and development programs was held by the region. To compose this planning, the Central Government issued the president's instruction (*Inpres*) No. 7/1999 on the Working Performance Accountability of Government Institutions. The *Inpres* obligated each region and each government institution to make a Strategic Planning (*Renstra*) to guarantee accountability. In addition, the Central Government also issued Law No. 25/2000 on the National Development Program (*Propenas*) 2000-2004 that dealt with the planning procedures and priorities of the development program that had to be undertaken by the Central and Regional Governments. Both regulations did not actually contradict Law No. 22/1999 or Law No. 25/1999, except for the problem of unclear division of authority between the central, provincial, and regency/municipality governments. The weakness of both regulations on planning procedure was that the planning process in the region became complicated and exhausting. It can be imagined what happened when each region had to make planning documents that required much energy and cost. On top of the administrative problems, there was the significant matter of political influence. As a result of this, the planning documents that were produced using quite a large amount of money became nothing more than a stack of paper.

Another Governmental Regulation that also weakened the local autonomy policy was *PP* No. 108 that was issued in November 2000 and focused on the responsibility of the head of the region to the *DPRD*. Oddly, this regulation was very different from the

previous Governmental Regulation, *PP* No. 105/2000, on the Management and the Responsibility of the Regional Finance, which required the *APBD* to be reviewed by the *DPRD* every four months. This difference once again showed the feeble coordination in the Central Government in the making of the regulations.

In addition, one of the evaluation standards for the responsibility, according to *PP* No. 108/2000 was the achievement of the policy and the program based on the Strategic Planning that had been previously done. Unfortunately, by the end of 2002, there were only a few regions that had Strategic Planning so that the responsibility meant by *PP* No. 108/2000 became useless, since there were no evaluation standards that could be used. This was where illegal agreements started to occur between the head of the region and the *DPRD*. Constitutionally, the *DPRD*'s position was stronger because the members were the ones elected as the heads of the region. This position was then used to attack the heads of the regions that were disliked, using for example the Annual Responsibility Report (*LPJ*). This report could be used to dismiss the heads of the regions, especially when no precise evaluation standard existed to make the report a responsible one. So, the game where the two main actors in public policy making had their affair started, and much collusion and corruption followed and disadvantaged the nation.

Responding to this issue, the director of State Ministry for State Personnel Empowerment argued that one of the basic elements that Law No. 22/1999 was missing was a direct election for the head of the region.

“Second, Law no. 22 was composed with an assumption that the local Check and Balance was available. At that time, the assumption was that the General Election would use Direct System. I asked Andi Malarangeng about it due to Law no. 22, which the devolution was more political, would only be effective if the General Election were direct, both for the executive and legislative levels; so people could choose their representative. If it used the proportional system, that kind of thing would surely happen: collusion between the legislative and executive. By definition, theoretically, that kind of thing would surely happen”.

It seemed that what happened was out side the scope of what the writers of the laws that regulated the local autonomy had expected. At the same time as the issue of Law No. 22/1999 and Law No. 25/1999, a law for the direct election for the head of the region

should also be issued. The purpose was so that the direct election for the head of the region could decrease the practice of collusion between the *DPRD* and the head of the region, or so that the head of the region not have any direct responsibility to the *DPRD*. However, the goal that was aimed for by the constitution makers did not get realized because the unstable political situation at that time made the making of the law impossible. Besides, this attack, from the group that were against local autonomy, weakened the effort to write the laws.

The attacks against local autonomy were increasing when the national leadership was taken over by Megawati who was also a representative of the nationalist group that wanted to retain the unity of the *NKRI*. In their perspective, local autonomy was considered a threat to the national unity and wholeness. Megawati even once explicitly criticized the concept of local autonomy as being a contradiction of the Constitution 1945, the foundation of the Unified Nation of Republic of Indonesia⁶⁷. As was the case with the Minister of Internal Affairs in the previous period, the Minister of Internal Affairs in the Megawati era, Lieutenant General Hari Sabarno(Retired), also had a background in the military. In one of his statements in the Jakarta post daily newspaper⁶⁸. Minister for Home Affairs said that smoothing over the shaky implementation of local autonomy was one of his main priorities, including ensuring that local autonomy would not break up the unitary state. Under the lead of Megawati and the Minister for Home Affairs, Hari Sabarno, the issue of revising on Law No. 22/1999 was increasing. The Central Government plan to conduct this revision received strong opposition from the regency/municipality government associations, including the *DPRD*. Some experts on local autonomy that had previously written the Law No. 22/1999 joined in the criticism of the government plan to revise the constitution. There were even two large political parties in the *DPR*, the *Golongan Karya* and the National Mandate Party, which rejected the government plan to conduct the revision. However, all of this did not lessen the Central Governments resolve to conduct a revision, and in 2004, Law No. 32/2004 was issued as a replacement for Law No. 22/1999. As can be predicted, though the decentralization was still a principle of

⁶⁷ Jakarta Post, 15 May 2001

⁶⁸ Jakarta Post, 27 May 2001

government practice, there are many articles that implicitly show that the Central Government regained its authority over the provinces.

Data from GDS I found that the understanding of several actors in region on local autonomy was surprising. Approximately 70% of the bureaucrats and the members of the *DPRD* understand local autonomy as a process “to explore maximally the financial resource of a region through taxes and retributions”. This answer appears evenly in all of the regions, whether it has sufficient natural resources or not. Another disturbing fact is that there are some who understand local autonomy as a “fight for the interest of the natives in the governance and the development”, and that they had to “employ the existing natural resources for only the interests of own region”.

Several basic problems inherited from the centralized governance system are still often found in many regions. According to the respondents from the government personnel (N=2700 persons), the problems faced are incompetent staff (83%), budget limitations (82%), facility and infrastructure limitations (82%), indistinct regulations from the Central Government (81%), political instability including political euphoria (73%), lack of economics resources (72%), public over-demand on the government (66%), etc.

Budget limitation is a classical problem that always haunts the relationship between the regional and the Central Government. Some political and military conflict that have occurred in the region since the Indonesian Independence in 1945 are the resulted of an unjust sharing of finances⁶⁹. This unfairness is caused by the centralization of a large amount of financial resources such as oil and gas, mines, forests and plantations, land and building taxes, income tax, etc. Before Law No. 22/1999 was issued, there was Law No. 25/1999 that fairly arranged the sharing of finances between the regional and the Central Government. However, this arrangement did not satisfy many regions, especially those rich in natural resources. They considered the Central Government to be acting unfairly towards them. The General Allocation Fund, which is supposed to be a mediator for the financial relationship between the central and the Local Governments, in the end

⁶⁹ Such as PRRI/Permesta, Aceh Freedom Movement (GAM), Papua, etc.

became a tool for the regions to lobby the Central Government to get more funds⁷⁰. In the meantime, the region's own resources that come from the Regional Original Income are not sufficient because they still depend on the taxes and retributions. From this fact, it is understandable that many regional actors understand regional autonomy as "exploring maximally the financial resources of a region through taxes and retributions". Nonetheless, in general, a region still depends on the funds received from the Central Government, though the authority to manage the finance now belongs completely to the region. Law No. 22/1999 gives full authority to the regions to design projects that are suitable with the authority subject given; but the Central Government still controls the funds used to finance the authority. In budgeting terminology, there is a saying that although the expenditure is fully controlled by the region, the Central Government controls most of the income.

The same problem also occurs with the human resources of the Local Government. Most civil servants do not have a good level of competency; those with high levels of competency commonly prefer to join the private sector. When people with good competency levels enroll to be a civil servant, they generally prefer to enroll in the central department rather than the regional one. The main reason for is the lack, or even non-existence, of rewards in the civil servant payment system in Indonesia. Though Law No. 22/1999 gave some of the authority for managing employees to the region, there only a small number of regions have a reward policy that is beneficial to the employees. An example of a beneficial reward policy is the giving incentives monetary to employees who achieve something. There are, however, also some regions that make false reward policy, for example giving promotions to some people just because they are loyal to the Regent/Mayor. Though Law No. 22/1999 was issued, there is still a grey area concerning the sharing of authority over employment between the Central and the Local Government. Essentially, there is an article in Law No. 22/1999 that contradicts the article in Law No. 43/1997. Law No. 22/1999 states that the authority over employment has been given to the

⁷⁰ There are many indications that show that regencies/municipalities have spent up to one billion Rupiah of funds taken from the *APBD*, in order to get another ten to twenty billion Rupiahs for the *DAU*. This lobbying money is purportedly given to the People's Council, the Ministry of Treasury, and the Ministry of Home Affairs. Some respondents even said there are many people in the region who introduce themselves as personnel of the Central Government and offer their services to lobby the Central Government to get additions the *DAU*.

region, however, in Law No. 43/1997, the authority over employment is still held by the Central Government.

Another complex problem found is the indistinct regulations made by the Central Government. The basic regulations that often create problems are the regulations on the sharing of authority between the central, provincial, and regency/municipality government. Law No. 22/1999 with its implementation in the *PP 25/2000*, does not distinctly clarify the sharing of authority. As a result, there is much authority, for instance concerning the ocean, forestry, society, facilities, tourism, mining, and even in the sectors that have been arranged, that overlaps between the regional and the central department, as well as between the departments themselves. Until 2004, the problem of this authority sharing was still a major problem for the relationship between the central and the local government. Fifty-five percent of the respondents that came from the bureaucracy answered that there was still conflict over authority between the province and the regency/municipality⁷¹. Another type of authority that is still unclear is the authority to control the Local Regulations. Some regions think that the authority to control the Local Regulations is theirs only, whereas the Central Government, through the Ministry of Home Affairs, argues that they have the authority to supervise it. There are several cases in which the Local Regulations made by the Local Government have been withdrawn by the Central Government, because they are considered by businessmen to be unfair and a threat to economic growth. According to the Regional Autonomy Implementation Supervisor Committee⁷², there were 1006 Local Regulations made by the Local Governments in 2001 considered to cause problems because they did not sustain the regional economic climate. Local government created these regulations by trespassing the commercial charge or non-charge barrier, multiplying charges, ignoring the feedback on the subject of retribution, and contradicting the higher regulations (*Kompas*, 4 September 2002). Subsequently, by the end of 2001, the Department of Internal Affairs withdrew about 68 Local Regulation that it considered to be causing problems.

⁷¹ In Law No. 22/1999, the province is placed as the representation of the Central Government in region, but not superior to the regency/municipality government.

⁷² This committee is an organization formed by the Indonesian House of Commerce and Industry (*KADIN*) that has the specific functions of criticizing policy made by the Local Government that is considered to threaten the economy.

B. Policy Change

Since the beginning of the reformation, the national design for the health policy has not been changed. The main policy focus is on four things: health service quality improvement, distribution of health services, autonomy of public health centers (*Puskesmas*) and local hospitals, and community health insurance (*JPKM*). The strategies selected to attain the policy are fighting corruption, medicine management improvement, health worker placement, health services for poor people, and encouraging health insurance. In order to find out the extent of the output of this policy, this research quotes data from GDS I, GDS I+, *SUSENAS* and also some data from surveys conducted by the World Bank.

1. Health

Table 5.2 shows that more people than not, who live either in rural or urban areas, assess health services as performing well. The one exception is the *Puskesmas*, because more people living in Urban assessed *Puskesmas* as giving bad service. Hence, the *Puskesmas*, in terms of national assessment, is the only one kind of bad health service. This is surprising, because more people generally assess services as being good rather than bad. In the context of decentralization, it predicts that there is a decrease in the quality of health services.

Table 5.2 : Community Assessment of Health Services (%)

Services	Rural		Urban		National	
	Good	Bad	Good	Bad	Good	Bad
Puskesmas	50,8	49,2	37,0	63,0	39,0	61,0
Doctors in Puskesmas	56,5	43,5	60,2	39,9	58,3	41,7
Village Maternity Polyclinic	62,7	37,3	66,6	33,4	64,7	35,3
Village integrated service	67,0	33,0	69,5	30,5	68,2	31,8

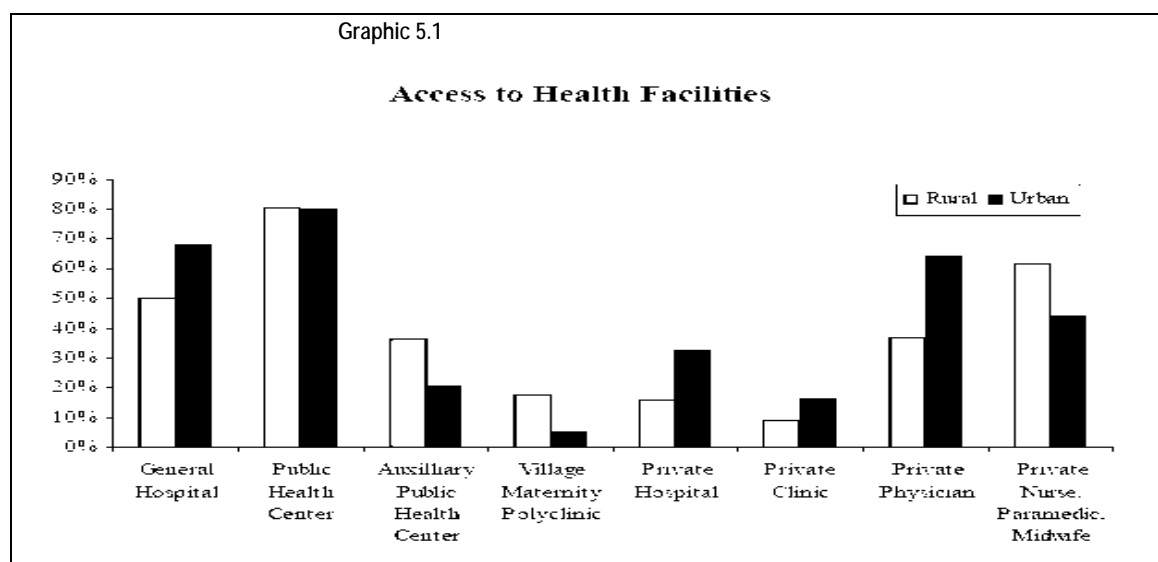
Note: N of community is 9000 households

Source: GDS I, 2002

The *SUSENAS* data also shows that all health service indicators changed for the better during 2000-2003. More households attested to improvements in the health status of

household members, accessibility to various health services, as well as the quality of *Puskesmas* and private physicians (Overview Report GDS1+, 2005).

The GDS also asked all respondents about the physical accessibility of health services (see Graphic 5.1)⁷². Four out of five households reported having access to a Public Health Center (*Puskesmas*), and 59 percent had access to a general hospital. More than a half of households also reported having private physicians and private nurses/paramedics/midwives. The least accessible facilities were the Village Maternity Posts (*Polindes*) and clinics; which were reportedly accessible to only one in eight households. This access, as expected, varied across regions and household socio-economic conditions. General hospitals, for example, were more accessible to urban residents than rural residents. The average distance to a *Puskesmas* was 2.9 kilometers (1.5 kilometers in the urban areas vs. 4.2 km in the rural areas) while the average travel time (using various modes of transportation) was 17 minutes (10 minutes in urban areas vs. 23 minutes in rural areas) (Overview Report GDS1+, 2005).



Note: N of households is 1815

Source: GDS I+, 2005

⁷² Questions to the household included the distance to the facility, mode of transportation normally taken to the facility and travel time

Those households that had actually used a health service during the past year (i.e., on May 2004) were asked about their last experience. Around 85 percent of the GDS1+ sample of 1,815 households attested to direct experiences with health services. One out of three claimed that the *Puskesmas* was their latest experience with health services, 22 percent went to see private nurse, paramedic or midwife, and another 17 percent to private doctors. However, private provision in practice may often be integrally linked to public provision in a locality. The same doctors who provide services in public clinics in the morning (*Puskesmas*) will often offer private services in the afternoon. Not surprisingly, private health costs more than the *Puskesmas* visits (Rp 72,000 versus Rp 9,600). Households holding health cards paid significantly lower rates (Rp 5,200 vs. Rp 10,500). Private Nurses charged almost double that of the *Puskesmas* for similar treatment (Rp 17,000). Yet in all cases, 75-80 percent of respondents felt that the cost was reasonable (Overview Report GDS1+, 2005).

The physical conditions of the facilities are also an indicator of the improvement in the public health services. Over a quarter (28 percent) of households felt that facilities had improved. This improvement was more noticeable among urban residents and households living in Java than among residents in other areas. The second largest improvement was the responsiveness of health officials (25 percent of households), while tenth selected medicine availability as being the biggest improvement in public health facilities. Improvement in service charges was felt by 8 percent of households. Civil servants were less likely note this (as part of the bureaucracy. Conversely, only a combined total of 15 percent of households pointed out (as their first pick) the conditions of health facility/staff responsiveness as undergoing a major deterioration during that period. Another combined 14 percent said that the service charges and medicine availability got worse. Only 22 percent of respondents saw no improvements at all, and over two thirds of respondents failed to identify any deterioration (Overview Report GDS1+, 2005).

The following data quoted from World Bank, will compare health decentralization improvement in Indonesia, the Philippines and Vietnam. In Indonesia, the principal enabling legislative acts were Law 22/1999 and Law 25/1999. The Philippines

promulgated decentralization through the Local Government Code 1991, which was implemented the following year. In Vietnam, the *doi moi* economic reforms that began in 1986 and the Public Administration reform of 1995 shaped health decentralization, with the implementation based largely on the 1996 and 2002 State Budget Laws (*East Asia Decentralizes*, World Bank, 2005)

Selected health status, generally, indicators shows improvement among these countries (1995-2002). The IMR in Indonesia was 46 in 1995 and then dropped to 1.9 in 2002. In the same year, Philippines moved from 36 to 1.9, Vietnam went from 32/30 to be 1.9. Another indicator is Life Expectancy at Birth which indicates a different rate among these countries. The trend shows an increase in life expectancy. In Indonesia, the life expectancy rose from 64 in 1995 to 66.7 in 2002. In the Philippines it rose from 68 to be 69.8, and in Vietnam from 67 to be 69.7 in the same year (see Table 5.3).

Table 5.3: Infant Mortality Rate and Life Expectancy at Birth in Southeast Asian Countries

Indicators	Year			
	1995	2000	2001	2002
Infant Mortality Rate				
Indonesia	46	35	33	1.9
Philippines	36	30	29	1.9
Vietnam	32/30	28/18	30/18	1.9
Life Expectancy at Birth				
Indonesia	64	66	66.3	66.7
Philippines	68	69	69.5	69.8
Vietnam	67	69	69.4	69.7

Quoted from: *East Asia Decentralizes*, World Bank, 2005

The World Bank also reported that the favorable trend in the overall health status was arguably due partly to progress in health output and service coverage. In the Philippines, for example, the proportion of births attended to by trained health workers, as well as the percentage of the population with access to clean water and sanitation services,

rose between 1985 and 2000. Similar developments in health status, outputs, and access indicators occurred in Indonesia over the same period. The 2002 Demographic Survey and Health Survey pointed to a continuation or even an acceleration of favorable trends in fertility, contraceptive use, malnutrition, and trained maternal care. Some indicators also worsened: immunization rates fell between 1997 and 2002-3 for children under the age of two, and the prevalence of childhood illness remained the same as it was in 1997. In Vietnam, on the other hand, output and access measures all pointed in a positive direction between the mid-1990s and 2002. The countries reported a significant increase in childhood vaccination coverage, as well as in the proportions of women receiving prenatal care and giving birth attended to by skilled health personnel (*East Asia Decentralizes*, World Bank, 2005).

There is a division of responsibility for health services between the central and local governments of these countries. Local governments have assumed responsibility for health functions that are simple to administer and confer localized benefits. The central government or higher local governments have assumed responsibility for health functions of a large scale or that have inter-jurisdictional spillover. Basic, primary health care services in Vietnam, for example, are assigned to communes, including the network of village health workers. In Indonesia they are assigned to villages in Indonesia, and in the Philippines to the *barangays* (villages). Primary-level health facilities are assigned to cities and municipalities in the Philippines and to districts in Vietnam. Secondary level hospitals are assigned to provinces in the Philippines and Vietnam. Tertiary-level and specialty hospitals, on the other hand, are mainly the responsibility of the central government. However, in Indonesia decentralization Laws and rules and regulations do not provide enough detail on functional and operational responsibilities, resulting in confusion and divergence between provinces and districts. For instance, provinces are supposed to handle cross-district tasks, but there is nothing definitive to tell them how to apply that rule. The Laws and regulations governing decentralization are also often inconsistent with other Laws, especially civil service rules. These inconsistencies have limited the ability of local governments to correct the size of inherited health bureaucracies and anticipate

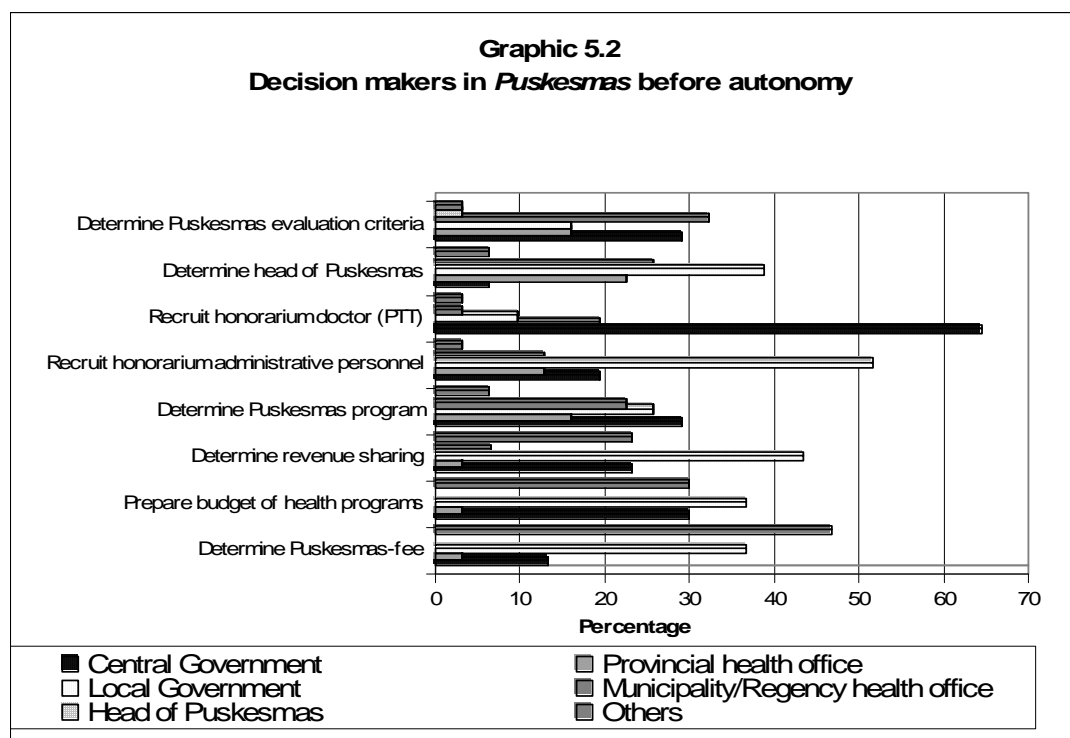
personnel matters. On top of this, administrative preparation is inadequate. As an example, many local officials in the Philippines were unaware of the precise nature and extent of their new expenditure responsibilities and powers, and the central Department of Health was slow to transform itself structurally and operationally. Many local governments seemed to adopt a wait and see strategy, apparently hoping that the agency would be blamed for the breakdown in the public health system and be forced to recentralize health functions (*East Asia Decentralizes*, World Bank, 2005).

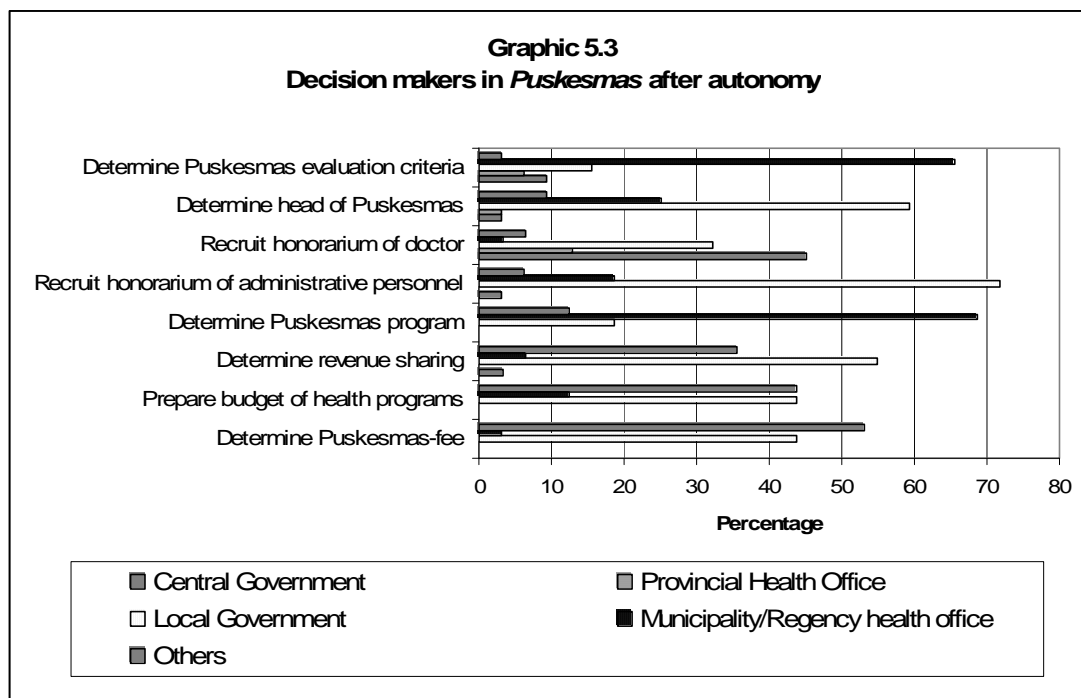
Another problem related to authority sharing is the problem of the decision maker. Graphic 5.2 and Graphic 5.3 show that there was a significant change in the decision making, especially in the health sector, before and after the local autonomy was applied (the Head of *Puskesmas* perception). Before the local autonomy was applied, many institutions were involved in the decision making process. However, the Central Government held the largest amount of authority. The authority held by the Central Government included the authority to recruit the *PTT* doctors (honorarium) for the *Puskesmas* and arranging the *Puskesmas* programs in the region. The Central Government was even involved in arranging the *Puskesmas* budget in the region. This is a logical consequence of the centralized- governance model, in which the Central Government has authority over strategic policy, even at the street-level bureaucracy.

Before the local autonomy implementation, the institutions that were involved in the process of decision-making, whether in the capital, province, or regency/municipality, played almost equal parts. This does not show the number of institutions that were involved in the decision making process for a health programs, but shows the number of institutions that had programs and projects in region, ignoring the design similarity and the purpose and objectives of the programs and projects. This is a consequence of the sectored-development model in which the programs and the projects of each governmental level of capital, province, and regency/municipality are divided plainly.

Graphic 5.3 clearly shows the institution that plays the most important role in the decision-making after autonomy. The graphic shows that the Central Government, through the Ministry of Health, still had authority over the *PTT* (*honorarium*) doctor recruitment.

However, the Central Government is no longer involved preparing the *Puskesmas* programs, this authority has instead been given to the regency/municipality Health Agencies. In the same way, in composing the *Puskesmas* budget, Local Government elements such as the Regent/Mayor, *Bappeda*, Health Agency, Executive Budget Team, and Legislative Budget Committee, seem to hold the authority. However, observed closely, it can be seen that the Central Government through it's the Ministry of Health, never gives full authority to the region. The reason for this is that the health sector is a national priority that requires the direct support of the Central Government. This support is in the form of standard policy that is a requirement in every region. In financing the health sector, the Central Government even provides de-concentration funds, which are distributed through the Provincial Government. Almost 90% of the respondents from the bureaucracy and the *DPRD* answer that they have full authority over the health sector. This answer can be justified but only in the level of projects and programs and also on the policy level only. This does not mean that the regions cannot use their authority just that they have been busy working on the health policy issued by the Central Government.





Note: N of the head of *puskesmas* is 600 persons

Source: GDS I+, 2005

The health expenditure annually remained more or less a constant proportion of the GDP throughout 1997-2001 in the three countries. The average annual proportions were 2.5 percent in Indonesia, 3.5 percent in the Philippines, and 4.9 percent in Vietnam. In per-capita terms, however, total health spending fell in Indonesia from US\$26 in 1997 to US\$16 in 2001, and in the Philippines from US\$41 in 1997 to US\$30 in 2001 (World Bank, 2004). In Vietnam, per capita health spending rose from US\$16 in 1997 to US\$21 in 2001.

According to the Chairman of the Indonesia Doctors Association (*IDI*), the central government contributes a mere 26.1 percent of health expenditure; the biggest contributor is the private sector, which contributes 74.9 percent. The health expenditure from government has been mostly put towards medicine and health equipment (48 percent), hospitals 39 percent, public health centers 11 percent, and other 2 percent (Republika, 7

June 2005). Local governments account for most of the routine spending, while development spending at the local level grew fourfold. Central development outlay rose almost threefold, and nearly half of development expenditure still came from the central budget. It is therefore, understandable that the local government continues to regard the Ministry of Health as the key supplier of finance including drugs and health equipment. This financial support is known as De-concentrated Funds, and is much more than the health expenditure of the local government itself.

Besides *PP* No. 104 and 105/2005, *PP* No. 106/2000 on the de-concentration funds was also issued. These kinds of funds were legally controlled by the Central Government through the technical departments and the non-department government institutions. Based on Law No. 25/1999 Article 17, the distribution of these funds to the regions was carried out by the Governor of the province. This is because, based on Law No. 22/1999, the province still carried out the de-concentration principles besides decentralization. Therefore, the technical department still had its representation, the Territory Office in each province. This condition differed from the regency/municipality, which felt that a department office as representation of the central technical department was not necessary.

The old defects in the budget that used the de-concentrated system, the ego-sector, still strongly existed, even though the administrative era had changed. The sector model had caused the coordination and integration between each sector to become very fragile, including the distribution of funds to the regency/municipality. Many heads of regions complained about these de-concentration funds, for it was out of the Regional Government's control, and often spoiled the development plan that had been arranged in the *APBD*. It was even often the case that the development programs overlapped because there was not any coordination between the Central, provincial, and regency/municipality governments.

As the *DAU* affected the assurance levels of the performance-based budget composition, the de-concentration funds also affected the budget composition of every institution in the region. In composing the budget, the source and the amount of funding were usually mentioned. One of the sources of the budget was the de-concentration fund.

However, it was almost certain that there was not anyone within the institution, not even the head of the region, who knew the amount of the de-concentration funds that would be given to the province by the Central Government. Even the relationship with the province was not well coordinated because the sharing of authority between the province and the regency/municipality was not clear. In addition, the province often did not know the exact amount of the de-concentration funds that would be given by the Central Government.

Conversely, provinces in Vietnam were already spending more on health than the central government. The provinces accounted for 44 percent of the spending, and central government for 26 percent of all government outlay in 2000. In this case, provincially “controlled” outlay accounted for 76 percent of the total government health spending, up from 70 percent in 1996 (*East Asia Decentralizes*, World Bank, 2005).

The World Bank also reported that decentralization has given local authorities and other stakeholders greater leeway to adapt or even replace once-standard methods for delivering and financing health services. These greater discretionary powers have led to numerous local innovations in health planning, service delivery, and financing. In the Philippines, there are provincial health insurance programs in the *Bukidnon* and *Guimaras*. Vietnam has seen numerous instances of sponsored and spontaneous innovation at the province level. An example of the former is the health ministry’s effort to encourage a local response towards childhood diseases, including community determined indicators. In Indonesia, Yogyakarta showed how to use the country’s still immature decentralized framework to introduce health sector reforms and elements of a health insurance system. The province used donor funds to secure technical assistance and conduct assessments, trials, make benchmarks, hold workshops, give training, and hold coordination meetings with districts, as well as holding advocacy events. The province established a board of trustees and new fund-holder institutions, as well as a benefit package and an insurance premium (*East Asia Decentralizes*, World Bank, 2005).

The greatest problem for many local governments was the hiring of physicians, nurses and medical technicians in order to be competitive with the market. In the

Philippines, to appease devolved of health pushed for the Magna Charta for health workers in 1992. Among other features, this Law provided more compensation and extra benefits and allowances for all health workers, including those devolved to the local governments, and required the latter to pay additional compensation. In Indonesia, the central government established a contract doctor (*PTT*) scheme in the early 1990s to ensure a flow of doctors to remote locations. Doctors hired after completing their initial medical degrees received substantial monetary incentives to practice in more remote areas for a period of three years. This policy was strongly supported by political and administrative leaders in some provinces. They created master plans to reshape the bureaucracy to fit local conditions. These included using downsizing mechanisms such as redeployment of staff, early retirement, voluntary resignation with severance payments, and retraining to encourage entrepreneurship. However, the implementation of these plans depends on full political commitment, facilitating legal steps, and an injection of cash. The inability to proceed highlights concerns voiced by district and province decision makers about dependence on central government for salary payments and methods for 'right-sizing'. Vietnam was faced with personnel issues under decentralization as well, as the distribution of health personnel did not occur exactly as planned. Enough doctors and other higher-level staff are generally available in cities, but numbers are inadequate in rural areas (*East Asia Decentralizes*, World Bank, 2005).

In Indonesia, the possibility of re-centralization in 2004 was an interesting issue. There had been various programs leading up to a re-centralization phenomenon. As an illustration, the health budget from the Ministry of Health and the central government increased significantly during the decentralized years. That central government budget for poor families was contracted out to PT *Askes* Indonesia (Indonesian Insurance Company) is an obvious sign of an increase in centralization. Besides this, the circular from the General Directorate of Medical Service on the hospital licensing shows the phenomenon of the desire for re-centralization. The Ministry of Health assumed that local government treated hospital licensing as a source of income, and did not care about quality or community protection (4th Annual Forum on Health Decentralization, UGM, 2005).

There is, however, no significant change in the organization structure of the Ministry of Health. If we compared it with the Ministry of Health in the Philippines, the ministry of Health in Indonesia is not an organization that is decentralization-supportive (4th Annual Forum on Health Decentralization, UGM, 2005). Besides this, there is an increase in the central government budget for local government, but with no accompanying systemic change. The activities of the Ministry of Health personnel increased sharply in the local government, because the Law 22/1999 abolished the branches of the Ministry of Health in the regions (*Kanwil* in Province and *Kandep* in Municipality/Regency). This Law created Regional Health Offices across the country.

The health services delivery, at least, still kept its level of quality during the autonomy. However, the quality could be improved if there was a correlation between autonomy designs and health policy reform from the central government. The strategy of health services, the target groups and budgets that have been arranged by the Ministry of Health and local governments should be incorporated into one system so that the different levels support each other.

2. Education

The Law No.22/1999 decentralized public schools to the local governments. Primary schools and junior secondary schools are managed by the regent/municipality government and senior secondary schools are managed by the provincial government. The central government has retained control over the tertiary level education. By this Law, the local government has to pay the salaries of teachers, and also has the right to determine school fees, and curriculum content. The central government, however, still finances many large education projects which require a lot of money, such building schools, buying equipment and buying books. These funds come from The Ministry of National Education, which calls the funds ‘de-concentrated funds’. In every region, they have to create an Educational Council at regent/municipality level and also have a School Committee in each school. The members of both organizations come from the community and are also parents of the students. Their duties are to mediate between community and

state interests in local educational policy. Education Law No. 20/2003 strengthened the position of schools to the local government, because it took decentralization a step further, moving the control of basic education from the districts to the schools.

In Thailand each school is supposed to have a board composed of parents, teachers, community organizations, alumni, and students. Parents' organizations with jurisdiction over the school are to establish a quality assurance system, and communities are urged to participate in the provision of education by contributing their experience, knowledge, expertise and local wisdom for educational benefits. In Cambodia, recent Laws have transferred functions and powers—including the provision of public services—to communes, and the country plans to boost accountability further by increasing the “operational autonomy” of schools and postsecondary institutions (*East Asia Decentralizes*, World Bank, 2005).

An important aspect of decentralization is who makes decisions. How each state assigns the decision making is, in many respects, a more accurate measure of its degree of decentralization. World Bank and OECD surveys conducted in 1998 and 2003 examined 38 decisions pertaining to instructional content, personal management, and resource and financing. In 1998, the proportion of decisions related to secondary school made by the central government varied widely in East Asia—from about one-third in the Philippines to two-thirds in Indonesia. This indicates that the Philippines education system was much more decentralized than Indonesia's. At the same time, the provincial and local governments in Philippines were making about one-fifth of such decisions, and schools more than one-third, while Indonesia's provinces made less than one-tenth and schools about one-third. After the Law 22/1999, there was an increase in opportunity for the local governments in Indonesia to make decisions. The data, quoted from World Bank Report 2005, shows that in 2003, decisions made by the central government decreased to about one-third, while local governments were making more than one-fourth and schools more than one-third of these decisions. Conversely, in the Philippines, the proportion of decisions made by the central government increased to two-thirds, the proportion of decisions made by provincial/local governments dropped to one-fifth, and schools made

less than one-fifth of the decisions. It seems there was different direction for the locus of decision making in the decentralization of the education system between Indonesia and the Philippines. Indonesia is more decentralized than in the Philippines in recent years. A similar trend has occurred in Thailand where the central government has more power than it did in 1998 (from making half the decisions in 1998 to three-quarters in 2003). The provincial/local governments also increased its decision making from 1998 to 2003. The proportion of decisions made by schools decreased from 45% in 1998 to 20% in 2003.

Table 5.4: Percentage of decisions related to lower secondary education at each level of government, 1998 and 2003

Country	Central Government		State/provincial/local government		School	
	1998	2003	1998	2003	1998	2003
Indonesia	63	36	7	28	30	35
Cambodia	-	75	-	11	-	14
Thailand	55	75	0	6	45	20
Philippines	37	62	24	20	39	18

Source: quoted from *East Asia Decentralizes*, World Bank, 2005

Note: --- = not available. Percentages may not add up to 100 because of rounding

It is too early to conclude that decentralization has raised overall public spending on education, but early signs have suggested this. Before decentralization, Indonesia was spending the smallest amount of its GDP on education of all East Asian countries: only 1.4 percent. This percentage rose to more than 4 percent in 2002—a significant expansion in resources for the sector. In 2001, district governments accounted for about two-thirds of the total education spending, whereas the provincial governments only accounted for 4 percent of that spending (*East Asia Decentralizes*, World Bank, 2005).

The local governments themselves still face capacity of budget. Most of their budget allocation is personnel payment, primarily for teacher's salaries. Hence, the average budget allocation for educational development in each district is 3 percent per

annum. Although, the teacher's salaries have been decentralized to local governments, there are many problems stopping the payment system from working effectively. Teachers often complained that the local government was late in paying their salaries. For this reason, they preferred that the central government controlled the payment system rather than the local government (re-centralize). This case, once again, shows that the policy reform for education needs an effective administration system. The central government, through the Ministry of National Education, wish to take back some of the authority that was decentralized to the local government, as a way of solving problem of teacher's salary payment. The Ministry of National Education even wishes to spread the directorates general of primary and secondary school. It indicated the desire to take over the local government authority in managing primary and secondary schools.

Like the case with health services, the largest percentage of people, in both rural and urban areas, answered that state schools (Primary school, Junior high school, and Senior high school) performed well (Table 5.5). This data is surprising, because more people assessed the school services as being good than bad. In the context of decentralization, it was predicted that there would be a decrease in the quality of education services.

Table 5.5: Community Assessment of Education Services (%)

Services	Rural		Urban		National	
	Good	Bad	Good	Bad	Good	Bad
State Primary School (SD)	63,5	36,5	65,2	34,8	64,3	35,7
Secondary level:						
State Junior School (SMP)	65,1	34,9	66,8	33,2	65,9	34,1
State Senior School (SMA)	65,3	34,7	66,9	33,1	66,1	33,9

Note: N of community is 9000 households

Source: Data Primer GDS I, 2002

Answer to the retrospective satisfaction questions from the 2003 *SUSENAS* suggest that on average households are positive about the accessibility of various levels of schooling (primary, lower secondary, upper secondary, and tertiary). As the level of

schooling increases, the number of people saying that access has improved decreases. Concerning the tertiary level, more than twice as many respondents believe that the situation has worsened (16.1 versus 7.4 percent, compared to 2.1 versus 14.9 percent for primary education) (Overview Report GDS1+, 2005).

Table 5.6: Perceived Changes 2000-2003 *Susenas*: Education

Indicator of Education Outcome	Worse	Same	Better
Accessibility to entering:			
Primary	2.1	83.0	14.9
Lower secondary	4.3	83.4	12.3
Upper secondary	7.9	82.7	9.4
Tertiary	16.1	76.5	7.4

Source: *Susenas* Module 2003

Households were optimistic about education services in the sense that they identified at least some improvements. More than a third (36 percent) said that school facilities had improved during the previous 2 years. Another 20 percent identified the quality of teaching as the main improvement. Almost a tenth claimed that there was improvement in the overall academic performance. Only 5 percent said that school fees had improved, presumably this meant they became cheaper (Overview Report GDS1+, 2005).

Educational achievement (mathematics and science) in Thailand, Indonesia and Philippines shows a difference in scores and ranks. Thailand has a relatively higher score and rank than Indonesia and the Philippines. In mathematics, Thailand was placed as number 27 out of 38 countries in 1999 and in science was number 24 (Data from 2003 is not available). Indonesia was at number 34 in mathematics in 1999, and fell into number 35 of 46 countries in 2003. In 1999, Indonesian's students ranked 32nd in science and this increased to number 27 in 2003. Meanwhile, the Philippines ranked 36th in mathematics in 1999 and then 42nd in 2003. In science, the Philippines ranked 36th in 1999 and fell to 43rd in 2003.

Table 5.7: Student performance in Mathematics and Science Tests

Country	Mathematics score and rank		Science score and rank	
	1999	2003	1999	2003
Thailand	467 (27)	--	482 (24)	--
Indonesia	403 (34)	411 (35)	435 (32)	420 (27)
Philippines	348 (36)	378 (42)	345 (36)	377 (43)

Source: quoted from *East Asia Decentralizes*, World Bank, 2005

The World Bank reported that: “some Asian countries have achieved high enrollment rates. These countries, however, face other educational challenges: The emerging economies of China, Indonesia, Malaysia, the Philippines, and Thailand must better manage their education systems to reduce disparities between wealthier and poorer regions, and to improve the overall quality of education. Meanwhile, the poorer countries—Laos, Cambodia, and Papua New Guinea—must expand the number of children who enter school, cut the number who drop out at the primary level, ensure that the system produces enough talent to support economic growth and development, and address difficult problems in financing and managing their education systems” (*East Asia Decentralizes*, World Bank, 2005).

C. Conclusion: learning from six regions

That the making of Law No. 22/1999 and Law No. 25/1999 was done in haste is a fact. Both laws still often contradict other constitutional regulations. This contradiction is not only at the constitutional level, but also in the implementation of the regulations. This occurred with both the Governmental Regulations and other Implementation Regulations at a lower level. This contradiction occurred because there were too many implementation regulations (there were hundreds of them which were made to implement both laws. The large number of regulations that had to be made also shows that the compositions of the two laws on regional autonomy were made in haste. From this fact, it is understandable that the Central Government was actually administratively unprepared to implement the decentralization policy. The legal

instrument, in the form of constitutional regulations, had not been thoroughly provided and the implementation of the decentralization policy was stalled.

The bottom line is that there was no major difference in terms of government intervention in the six research regions. The assumption followed by the Central Government since the beginning was that all regions have the same abilities and the same characteristics. This manifested in the uniformity of several government regulations that governed the implementation of local government, including how the regions should enhance their administration as a response to regional autonomy. Based on the regulations and the basic characteristics of autonomy given by the Central Government to the region, the Central Government has the right to enforce its interests in the region. Nevertheless, in these six research regions, there were only three regions in which the Central Government relatively lost the control it had previously had because the regions were assumed to be more advanced in the implementation of regional autonomy. One of these three regions was the Giri Regency, which had been a pilot project for regional autonomy prior to the implementation of Law No. 22/1999. Its experience as a pilot project made the region quite independent in making policy. The Central Government even often sent officials from the Giri Regency to give training in other regions, and many officials from other regions visited and studied the implementation of regional autonomy in Giri. The loose control of the Central Government in the Giri Regency is added to by the abilities and attitude of the regent, who was brave in expressing his creativity through the making of policy which many occasions even contradicted the policy of the Central Government. One stirring example was when the Giri Regency Government acquired the Giri National Land Bureau, which was still a de facto subdivision of the Central Government institution, the National Land Bureau (*BPN*). Having had experience in implementing regional autonomy, and being supported by the competent leadership of the regent, the region had a successful public administration reform covering many reform components, especially organization and personnel. The financial sector was reformed to some extent particularly through the implementation of the performance-based budget system model (see Table 4.21). Meanwhile, the planning method reform component was not successful because although the Central Government gave freedom in the planning process, in practice it does

not always submit to the planning rationality: there are more political interests of the government personnel, both the bureaucrats and politicians.

Other regions that were adequately independent in policy making were the Prajan and Alit Municipalities. The socio-economic levels, including the availability of city facilities, of these two regions is more developed than other region. However, these two regions were more cooperative than the Giri Regency towards the Central Government in the implementing of policy, and tended to avoid confrontation with the Central Government. When there were policies that contradicted regional policy or change, the government in those two regions tried to act critically in adjusting them to the region's interests, while at the same time trying to maintain the communication with the Central Government to create regulations that would be more beneficial for the region and the Central Government. This cooperative attitude did not always benefit the regions because in some reform components (personnel finance and planning methods) they were not able to achieve the maximum results as expected (see Table 4.21).

The Mayor's policies in both regions were actually highly innovative, but the implementation of these policies was often troubled by senior bureaucrats that collaborated with politicians to hinder the public administration reform movement proposed by the mayor. The public administration reform was then stalled, and the results were not maximal.

In the other three regions, Kulon, Anom, and Wetan Regencies, there was a significant dependency on the Central Government. Socially and economically, the three regions still needed help from the Central Government; therefore intervention in various policy sectors was still very excessive. Unfortunately, even the Central Government was not ready, and the region was confused by unclear policies that tended to contradict each other. Reform in the public administration sector became unclear and completely undirected. This condition did not occur in the Kulon Regency. Compared to Anom and Wetan Regencies, personnel and financial reforms in this regency were considered to be successful. The reason is, once again, the attitudes and the policies of the regent who was committed to the improvement of the personnel resources, and made a concerted effort to create good governance. Unfortunately, the reform was not maximal because of internal

causes, especially a lack managerial skill to support public administration reform and severe conflict with politicians in the DPRD and some NGOs.

The Central Government was administratively unprepared for substantial reform. This can be seen in the contradictions in the implementation of the regulation, which were reflective of the old defects in the Indonesian bureaucracy, i.e. the retaining of ego-sectors. Each sector had its own responsibilities and its own interests, and the integration between the sectors, that was very crucial to managing the regional development, was weakened. The ego-sector could also be seen from the distribution of the de-concentration fund to the regions and it often spoiled the development plans that had been arranged by the regency/municipality because there were many overlapping activities in practice. A very evident example is the education and the health sectors. The six research regions admitted that de-concentration funds for the education and the health sectors were outside their control. Even the head of region and the city manager, who are primarily responsible for the development management in the two sectors often, did not know exactly what kind of project would be funded by the de-concentration funds, or the amount of these funds. Every year they accepted projects made by the Central Government, and distributed through the provinces. One thing that burdened the region even more was projects with de-concentration funds that were received only after the *APBD* is determined, so there was not any integration between the region's projects and the projects funded by the Central Government in the education and the health sectors. The outcome of the policies in those sectors would then become ineffective because there were often overlapping programs or no programs at all.

Only regions that were courageous and innovative were able to handle the ineffective development policies, especially in the health and education sectors. In the health sector, there were only two regions brave enough to make policy innovations which were different from the Central Government policy. One region was the Giri Regency, which applied an international standard (ISO) for the health services provided by the *puskesmas*. Although the policy cost a sufficiently large amount of money, it managed to force the health personnel to improve the quality of health services. Another region was the Alit Municipality, which gladly became the experimental region for the

implementation of the Citizens' Charter (CC) in the *puskesmas*. This CC policy was not yet national policy, but the region was quite innovative in improving health services by inviting local society, the bureaucracy and politicians, to think about better health services. In this matter, the Central Government allowed these two regions to make health policy innovation, because this was considered to be the right of the region. These two regions were also considered as being able to take responsibility for the policy making.

In the education sector, the Prajan Municipality is a national barometer for education implementation, because historically many of the best schools and education institutions in Indonesia have been established in this city. The Central Government does not intervene much in the education policy in this region. The Kulon Regent once made a policy in the education sector that was quite creative, by giving stimulant funds to fix damaged school buildings directly to the local community. This policy was very effective because it cut out the bureaucracy, which had become the cause for the high cost of school building development, and was not very effective. The success of the education sector in the Kulon Regency cannot be separated from the commitment of the regent who tried to form a high level of effectiveness in the development project, and also placed the community as the subject in educational development.

Meanwhile, in two other regions, Anom and Wetan Regencies, there was not any notable policy innovation. They completely followed the policies of the Central Government and relied totally on the policies of the Ministry of National Education or the Ministry of Health. The result is that the quality of the health and education development in these two regions tended to decrease. Once more, these facts show that freedom in policy making will motivate a region to be more creative and innovative, and the policy made will be more likely to fulfill the region's needs and solve the region's problems. Although the Central Government gave freedom to some regions to make policy innovations especially in the education and health sectors, in practice, those regions still often experienced problems in policy coordination. This is similar with the projects funded by the de-concentration funds.

It can therefore be concluded that generally a looser control of the Central Government will provide the freedom for the regions to create innovative policy. This also

requires certain conditions in the region that allow the development of policy innovation, such as a positive attitude and high level of ability of the Regent/Mayor, as well as support and abilities of the bureaucrats and politicians (see Table 5.8).

Table: 5.8: Correlation between Central Government Role and Public Administration Reform Performance in six regions

District	Central Government Role	Public Administration Reform Performance
Giri Regency	Loose control	Successful
Prajan Municipality	Loose control	Successful
Kulon Regency	Tight control	Partially successful
Anom Regency	Tight control	Failed
Alit Municipality	Loose control	Successful
Wetan Regency	Tight control	Failed

Source: primary data

The Central Government's role through de-concentrated funds is on the one hand a positive thing, because the central government has seriously increased the development of basic needs (education and health), while on the other hand the implementation of both sectors has not been followed up properly with administrative reform in the framework of decentralization policy (see Figure 5.2.a). Although the research results showed that education and health showed a good level of performance, the quality of both sectors can still be improved if the policy reform and administrative reform support each other. From here, we can conclude that substantial policy reform could attain its objectives if the administrative reform had a synchronic design to the policy (see Figure 5.2.b). Both reforms should be put into the integrative decentralization policy. Unfortunately, it seems that each policy is completely separate to the other. The problems could be caused by administrative matters and/or political factors.

Figure 5.2.a

Failed reform

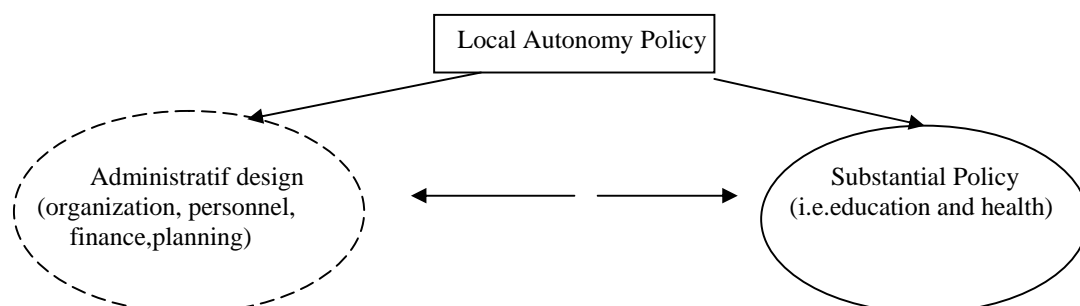
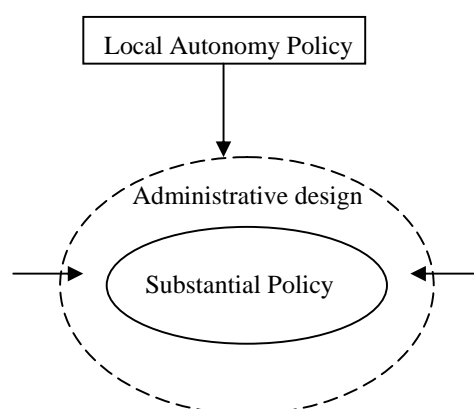


Figure 5.2.b

Successful reform



Politically, the multi dimensional crisis that was experienced by at Indonesia that time caused the implementation of the decentralization policy to become difficult. There was the concern of those who rejected decentralization (the military and nationalist groups) that the policy might cause the state and nation to disintegrate because giving autonomy to the regions would encourage the regions to free themselves from Jakarta's control. Central bureaucrat and technocrat groups who gained politically and material benefits from the centralized system also accused the local governments of being incapable of implementing autonomy. This argument, of course, was not accepted by the pro-autonomy groups, because the purpose of giving autonomy to the regions was to improve the prosperity of society through closeness between the public service and society

that it served. The pro-autonomy groups accused those that disagreed with autonomy of being afraid of losing the authority that had been under their control for years. Nonetheless, the political winds seemed to have swung more towards the anti- autonomy side, and it seemed that autonomy would be too difficult to realize. In addition, in the preparation period, many actors that had designed the laws on regional autonomy were excluded from the government arena. When that occurred, the future of local autonomy became hazy, and its implementation was stalled.

The lack of political support at the Central Government level became obvious when the Central Government and the DPR were very reluctant to compose the laws on the direct elections for the heads of the regions. This was probably understandable, considering that even at a national level, there was no law on the direct election of the president. The concentration of the Central Government on making the political constitution for the direct election of the president required such a large amount of energy that many other constitutional regulations were left ignored. This ruined the basic assumption of Law No. 22/1999 and Law No. 25/1999 that the local autonomy would run as desired when the check and balance mechanism could run effectively. The Head of the Region was responsible to the *DPRD*, but they could not dismiss each other because the head of the region was elected directly by the people. Unfortunately, this was not supported by the empirical facts of the political system in Indonesia, where the people choose the political parties, and the representatives of these political parties sit in the *DPRD*. There was therefore a disparity between the urgency of the public interest and the urgency of the party's interests that often reflected the interests of the political party elites more than the interests of the people that they represented. The result of this condition was that even the *DPRD* could often not represent the people's interests. This unfulfilled basic assumption was one of the causes for many disputes on and much manipulation of Local Government policy.

The implications of this condition for the Local Government were the very high level of uncertainty in performing the public administration reform. It is understandable that the region performed their policy using a trial and error method, because of the uncertainty of the policy that was produced by the Central Government.

From here, the decentralization policy that was the background for the public administration reform became so hazy that the reforms that were implemented became unable to achieve the desired results. The regions that dared to escape this had a greater possibility of succeeding in their public administration reform. This was possible because one of the advantages for the regions, made possible by Law No. 22/1999, was the adequate authority over its own region, including the designing of bureaucracy that suited the regions interests and needs. Therefore, only regions that were capable of using this autonomy could succeed in performing its public administration reform.

Even though both laws on local autonomy had weaknesses and were not supported by a conducive political climate at that time, both at least had given “a perfect strike” to the centralized government model in Indonesia, that had been proven to be unsupportive of increasing peoples prosperity fairly and equally. The character of actors that composed both laws, which tended to be political, have defeated the domination of Jakarta in the control of the political and economic sources at that time. This was one of the successes of the local autonomy policy based on Law No. 22/1999 and Law No. 25/1999.

CHAPTER VI

REACTION AND CHANGES OF THE LOCAL POLITICS IN THE LOCAL PUBLIC ADMINISTRATION REFORM

This chapter will explain several Independent Variables. It will begin with one of the main variables at the local level, the Regent/Mayor's role in determining the success of public administration reform during the implementation of Law No. 22/1999. It will begin with the social, economic, and political background of the heads of region, before they became the Regents/Mayors. This will then be followed by leadership capability matters, including the management style of the Regent/Mayor in performing his/her daily task. Another discussion will be on accountability, particularly the issues of corruption, collusion, and nepotism (*KKN*) that often affect the leaders of public organizations. The explanation will be concluded by looking at the acceptance of the regional government personnel and society of the leadership style of the Regent/Mayor. This description will not thoroughly explain each aspect of the six heads of the regions; it will only focus on several interesting cases that adequately describe the roles of the heads of regions in the reform process.

The next variable is the reaction of the bureaucrats (civil servants) and politicians (*DPRD*) to public administration reform. An explanation of this variable will begin with the historical factor. It will discuss the historical inheritance of the New Order bureaucracy that melded into the character of the organizational culture after many years in the Local Government. The reactions of the bureaucrats and politicians shows their attitudes and the strategy in terms of their collaboration and conflict when the institution and the system of public administration had to be changed. Meanwhile, the last variable discussed is the dynamics of civil society toward the problems concerning public administration reform. How and why they act and the form of their support or refusal will be part of the discussion in this variable.

A. THE ROLE OF THE REGENT/MAYOR

1. The Past of the Head of the Region

The evaluation of the past of a Regent/Mayor is very important, because from this evaluation the way a leader performs his daily administrative tasks can be explained. This notion is based on the assumption that persons past is one of the factors that forms the leadership characteristics of a person which can be observed from his/her leadership style in performing his/her administrative tasks. The six head of the regions that are being studied came from different backgrounds. This can be seen in the following table:

Table 6.1: Background of the heads of regions

No.	The Regent/Mayor	Background
1	Giri Regent	Academic
2	Prajan Mayor	Businessman
3	Anom Regent	Businessman
4	Kulon Regent	Politician
5	Alit Mayor	Academic
6	Wetan Regent	Bureaucrat

Source: Primary Data

Two of the heads of region that came from an academic background were the Giri Regent and the Alit Mayor. Giri Regent was formally a lecturer in an economic college in the Prajan Province, and the Alit Mayor was a lecturer at a private university in Surabaya lecturing in social and political sciences. The Heads of Regions that had previously businessmen were the Prajan Mayor and the Anom Regent. The Prajan Mayor was a famous garment businessman in Prajan; while Anom Regent was well known as a land broker. The other two heads of regions were the Kulon Regent who was a female politician from the Indonesian Democratic Party for Struggle (*PDIP*), and the Wetan Regent who was a pure career bureaucrat that once worked as the head of Religion Department Office in Wetan Regency, which is a institution directly under the Ministry of Religion. All six Regent/Mayor started their duty as the Regent/Mayor almost at the same time, in 2000.

The last position held by the Giri Regent had been the Director of an Economic Sciences College located in the Giri Regency. His field of study was accounting. Besides working as a lecturer, he was also an active member of the *PDIP* board in the Giri Regency Branch. Because of his educational background, his abilities, and his critical attitude, he was nominated as the candidate for the Giri Regent by *PDIP*. He won unanimously and became the Regent through the *DPRD* voting process in the Giri Regency, which at that time was mostly occupied by representatives from *PDIP*.

Differing from the Giri Regent, the Prajan Mayor's victory in the *DPRD* election was unanimous because his party, the National Mandate Party (*PAN*), was not the Majority in the Prajan Municipality *DPRD*. The internal problems in *PDIP*, which was the prevailing party in Prajan Municipality, were used against them by the Moslem-based parties that formed a coalition to support the candidate for Mayor nominated by *PAN*. The support from society towards the candidate from *PAN* was satisfactory, because at the national level, the Prajan Municipality was the 'base camp' for *PAN* devotees. Though the mayor was a successful local garment businessman that owned many boutiques in the Prajan Municipality, he was not an arrogant person because of his religious character. He did not even want to be called a Mayor, he preferred to be called a civil servant.

The Kulon Regent is the first woman Regent even, the youngest Regent in the history of Indonesian Administration. She came from a middle class family which was also active in the nationalist political party. This background encouraged her to be actively involved in the political party, until she was eventually elected as the head of the *PDIP* branch in the Kulon Regency. Besides her active political life, she also continued her education by taking a Masters program in political sciences at a famous state university in Indonesia. She had remarkable political skill that made her an exceptional politician in the Indonesian political arena that is dominated by male politicians (for it is a patriarchic culture). This skill meant that she received acknowledgment from the *PDIP* leader, Megawati, and was subsequently placed her position as the Kulon Regent after she was formerly elected as a member of the *DPRD*.

The Anom Regency is one of the dominant base regions of *PDIP* in Central Java Province. The Majority of members the *DPRD* came from *PDIP*. The candidate of Regent

from *PDIP* which was matched with a deputy Regent candidate from Golkar won the election that time. The Regent who previously worked as a land broker among other things, was also active in *PDIP*. In this party, he often interacted with the Paramilitary (*Satgas*) which was mostly funded the Regent's own money. Many people think that it was his closeness with the Paramilitary that enabled him to win the election within the *PDIP*, and in the end win the election in the *DPRD*. His character as a land broker was still very significant and carried over in to his administrative actions.

The Alit Municipality is the Mayor base for *PDIP* devotees at a national level. It was in this region that Bung Karno, the first President of the Republic of Indonesia and the founder of the Indonesian Nationalist Party (*PNI*), the early form of *PDIP*, was buried. It was therefore not very difficult for a candidate from *PDIP* to be placed in the Mayors position, as was the case with the Mayor for the 2000-2005 period. The mayor was elected by the members of the *DPRD* by acclamation. In addition, his background as a lecturer with a Masters degree and his knowledge in the field of science increased his bargaining power to become Mayor. Because of his abilities and his modest character, he attained acknowledgment from national *PDIP* leaders, especially those from the East Java Province, in support of his position as Mayor.

The Regent of the Wetan Regency was extremely opposed to the character of the Alit Mayor. The Regent, that came from a bureaucratic career background, was deeply influenced by a rigid disciplinary style that was the characteristic of conservative bureaucrats in Indonesia. Even though he was originally an office head of the Department of Religion in the Wetan Regency and was also a Moslem, he had a closer relationship with the nationalist group in the *PDIP* than with the Islamic party. His closeness with the *PDIP* elite, especially those in the *DPRD*, was then used to support his nomination as Regent, which ended in his definitive election as Regent.

Almost all of the six Regents/Mayors came from the regions that were under their control. They were all natives of the region, except for the Alit Mayor, who was not born in the region. Due to his closeness to the local leaders and the support from the *PDIP* political elite at the national level, he was be accepted as a local.

2. Leadership Style

The evaluation of the leadership style of the Regent/Mayor will be presented by contrasting one with the other. This is done to acquire an evaluation description of the success of a region in performing its governmental duties and public services. This success is always related to the leadership abilities of the Regent/Mayor. The leadership style will be observed through the techniques used in decision making, policy selection, management strategy, and networking development, including cooperation with the *DPRD* and society acceptance towards the leadership style. From these dimensions, how far the Regent/Mayor influences the success of a region in reforming its public administration can be identified.

2.1. Giri Regent

a. Management Skill

Law No. 22/1999 did not explicitly differentiate the function of the Regent and the deputy. In the daily administrative management practice in the Giri Regency, the difference between the two could not be seen, except on several occasions where the deputy Regent replaced the Regent in commencing a number of small projects. These projects were funded independently by society, and the Regent was present at these events in order to socialize with society. Information obtained from the Regent himself indicates that he tended to trust the Regional Secretary more than deputy, because of his educational background⁷⁴. The Regent and his deputy had had an informal agreement to share the duties related to decision making in daily administration management. If there was an assignment letter not signed by the Regent, the Regional Secretary was therefore freely allowed to determine his policy moves. However, if the Regent had written on the letter, it then fell under the Regent's authority and the Regional Secretary only had to carry it out. This informal code was only understood by those two people. This sharing arrangement did not mean that the Regent was being irresponsible about the existing problems. As an

⁷⁴ The deputy Regent used to work as the Head of Economic and Business Development (*Kaur Ekbang*) in one of the villages in the Giri Regency. However, because of his ties with one of the Islamic parties, he was nominated as a candidate for a deputy Regent by PDIP. Meanwhile, the Regional Secretary had previously been a career bureaucrat, and Bachelors Degree from an overseas university and had previously been a lecturer at a famous college in Prajan. Through coincidence, the Regent had been the Regional Secretary's classmate in high school.

economist, he understood about leadership and was able to decide which jobs he had to do himself and which job could be delegated. With the informal agreement between them, the Regent was still able to control things related to his daily governmental duties, without putting adding to his duty as the Regent/Mayor, which was already a heavy burdening.

Duty sharing was also used in determining the head position in the Regional Government environment. The determining of the echelon II positions, the head of the Bureau, the head of office, and the head of agency, was carried out by the Regent himself, using fit and proper tests. It was actually the *Baperjakat* institution that promoted and placed employees in certain positions. The Regent utilized the *Baperjakat* mostly to determine the positions below Echelon II. In the early period of the implementation of regional autonomy, the Regent's role in determining the echelon II positions was quite significant, because in the same period, PP No. 84/2000 on the obligation of a region to re-structure its organization, especially through merger policy between vertical and autonomous institutions, was issued. According to the Regent (Subiyanto, 2005:44-59), a merger process that was not well planned would cause the following problems:

- a. Rivalry between the ex-personnel of the vertical institution and the region's original personnel, including the ex-head of the sub district (*Camat*).
- b. The head of agency position becomes a target for the civil servant personnel that have high rank, and the competition becomes unfair.
- c. The personnel that have a low rank but a high level of competency are beaten by civil servant personnel that have wider networking or a higher rank. The Regent considers this condition to be related to the political actions of the bureaucracy that were inherited by the New Order Regime. This is his opinion:

"The problem that haunts the personnel behavior as the result of bureaucracy politicization is so powerful that they act as politicians in the organizational structural positions of Regional Government. Usually they earn their positions as a reward for their achievements in helping a political party in the past. Sometimes they act as if they are heroes, and they force their will as a result of the habits in the past that places their bureaucratic position as the winner. I realize that many officials of this kind have low level of competency but possess wide networking.

Obviously everything that they have done must be appreciated but then it has to be understood that basic competency should be the main focus on arranging the bureaucracy of the regency government.”

- d. The echelon distinction among regional officials causes a status difference that in the end results in an income disparity among regional officials.
- e. Disharmony occurs between the ex-employees of vertical institutions and regional local employees. This occurs because the ex-employee of the Central Government usually have a higher rank and feel more capable than the regional employees.
- f. The employees that do not get a higher position in the structure of the Regional Government feel that they have been hard done by, and they often create problems, ranging from the small problems to large demonstrations.

To solve these problems, the Regent came up with the following ideas (Subiyanto, 2005:45):

- a. Downsizing the organization and harmonizing it with region's needs, so that the organizational management reflects the region's strategic interests. The Regent downsized the 23 existing Agencies into just 7 agencies.
- b. Determining the size of an institution based on the balance principle and considering these criteria:
 - i. The number of employees under the authority of an institution.
 - ii. The number of the assets that the institution is responsible for.
 - iii. The crucial operational level of an institution.
 - iv. The size of the budget is controlled by the institution.
- c. Placing personnel in positions based on the merit system, which is concerned more with the competency than the seniority of a person, although the group/rank is still considered.
- d. Implementing a retirement age as the rule, 56 years old, except for individuals who have an extremely-high level of competency and have skills that are still needed.
- e. Giving the opportunity to young employees that have level of high competency to be place in structural position to give them assurance that their careers in the Local Government have a future.

- f. Dismissing position exchange by transparently publishing every decision on the rank raise of a person in the government structure. Through this move, the superior is given the authority to propose/choose the personnel that are considered to be able to cooperate with him/her.
- g. Giving incentives or bonuses transparently, based on the working performance of each regional official.
- h. Implementing every decision made consistently and placing the full responsibility decisions made with the head of the institution.
- i. Giving rewards and punishment consistently.

Most of the ideas in downsizing, competency, transparency, incentives, rewards and punishment in the administration management, especially in the personnel and organization arrangement, came purely from the Regent own ideas and were supported by the city manager. The regent admitted that the ideas were very difficult to implement, especially when they had to overcome seniority matters in the employment. To implement the ideas and to suppress the possibility disorder occurring, the Regent made these strategic moves (Subiyanto, 2005:47):

- a. Together with the DPRD, the Regent arranged Perda No. 12/2000 that then changed into Perda No. 12/2003. These Regional Regulations basically arranged the implementation of a merger process of government institutions (vertically and autonomously). In the beginning, in 2000, the purpose of this merger process was to form *esprit de corps* in every civil servant employee, whether ex-vertical institution employees or regional local employees, so that they would become part of the same employee corps unity. The regional autonomous employees must be willing to accept the ex-vertical institution employees through the cooperation mechanism in each agency/bureau/office. On the other hands the ex-vertical institution employees are not supposed to be placed exclusively in an institution but must be willing to enter any agency that has been formed.
- b. The first step of the merger process strategy was followed by the second step in 2004 after considering the interaction between the ex-vertical institute employees

and the regional employees. The implementation of this idea was carried out by using the merit system, so that only employee with high achievement would earn a place in a structural position. The standard of competency was composed by *Baperjakat* with approval from the Regent. The result of this strategic implementation was that there were 22 employees that had to leave their structural positions because their competency levels were not appropriate for the standards that were composed by the leader. Nonetheless, this did not mean that they were just thrown out. The Regent made a policy of providing opportunities for some of them (5 people from the echelon III and 2 people from echelon II) who were considered to still have the potential to improve themselves. They were placed in an institution known as the institution for Expert Staff, which was placed in Room 12. For this reason it is often known as Room 12. Government personnel sarcastically called the people who were in this room, the excluded people although not all of the people were in there because they did not have sufficient levels of competency⁷⁵. They were placed in Room 12 for a year, and if their work performance improved, they would be reassigned to a structural position. Based on the Regent Decree No. 46/2003, the duties of the Expert Staff are to examine and to give consideration to the Regent in the field of administration, development, and public prosperity. In practice, these duties were performed well, although the Regent never considered their examination results, because the actual function of this institution was for the people in it to have introspection on their own work.

- c. The implementing of the incentive system as a manifestation of the reward and punishment system was done by giving incentives in the form of cash to the officials who succeeded in achieving something. This policy was inscribed in the Regent Decree No. 394/2004. The size of the incentives given was based on the work performance indicator that consisted of the Organization Variable (60%), the Work Performance Evaluation Variable (30%), and the Regent's Prerogative Variable (10%). Based on the results of the work performance evaluation in 2004,

⁷⁵ One of the Echelon II officials that entered Room 12 came from the Region-owned hospital. He entered the Room by choice and not because he was not competent or had ever made any mistakes in his duties.

the size of the incentive varied among officials: the lowest was 847,711.23 Rupiah (*Cakri Camat*) and the highest was 2,166,167.15 (the Head of Health Agency). The incentives were paid by the *APBD*.

Another idea that also came from the Regent was the improvement of public services, particularly the *Puskesmas* (Public Health Centre). A *Puskesmas* in Giri Regency received appraisal through the ISO 2001 Certificate. However, some people inside the Local Government thought that the cost that was needed to get the ISO 2001 Certificate was too high compared to the quality of the service that was given; the money that was used to invite the people who issued the certificate was quite a large amount, and it could actually have been used to improve the services in other *Puskesmas*. Responding to this criticism, the Local Government considered this as a part of the challenge to encourage the personnel of the *Puskesmas* to maintain the quality of service as required by the ISO 2001.

The responses of employees toward the Regent's institutional personnel reform strategy was varied. At the beginning, it was difficult to integrate the ex-central institution employees with the regional agencies, especially at the echelon II level. There was a predisposition among the Central Government employees to feel that they were better than the Local Government employees. However, at the same time, they were also worried that they would not get structural positions within the agencies. The Local Government employees also considered the Central Government employees as being a threat to their positions in the institution. This attitude was very obvious in the early period of the local autonomy implementation, as it often resulted in unfair rivalry, especially in echelon II and III. Below those echelon, almost no significant problems arose. To solve this problem, the Regent selected the head of the agency, bureau, or office using a fit and proper testing mechanism. *Baperjakat* functioned to support the Regent in his selection. This method is considered to have succeeded in suppressing the possibility of conflict among the groups that wanted the structural positions. In addition, the Regent at that time made decisions transparently, and emphasized the competency of staff. Due to continuous socialization from the officials in the region, open conflict of interest among the groups did not seriously affect the performance of the Local Government.

Many officials, especially those that already had senior group and rank, argued that the Room 12 system was extremely disadvantaging for them. Their complaints are mostly understandable, considering that under the centralized system, they practically acted only as executors and were not used to thinking creatively or coping with a great amount of responsibility at work. Their disagreement with the Room 12 system got stronger when a rumor spread among the officials that the positions in Room 12 were more of a punishment than a learning process for the officials before they could return to their positions in the governmental institution. Nonetheless, the image of the position as a 'punishment' also had a positive impact, because the employees became more motivated to achieve good results so that they stayed away from Room 12. The employees that were still young (45 years old and below) were also motivated to improve their competency levels and compete with their seniors.

The response of the employees toward the Regent's third strategy will be cited from the results of research done by an employee in the City Manager Office of the Giri Regency that studied the response of the employees toward the Regent's policy on reward mechanism. The results of this research were published in a magazine published by the Giri Government named *Varia Giri* (fifth edition, year 2005). Based on the results of the research, it was found that most people (60%) thought that the reward policy did not affect their working performance. Others (25%) said that they do not know because they tended to 'wait and see'. Thus, only 15% of them explicitly stated their support of the reward policy, and considered it to have a positive affect on their working performance (Aminun, 2005). Despite the validity of the data from the research, the tendency for the employees to be pessimistic towards the reward policy in the early period of the policy implementation is considered to be natural. There were still many employees who had not understood the function of the rewards because there was no distinct indicator that could make them understand and accept the policy. In addition, the employees had not previously been able to trust the regional leadership and were still suspicious toward any concealed interest in the reward giving mechanism, especially the interests that were related to the direct election of the Regent. These elections were about to be held in mid 2005.

The attitude and the policies of Regent was viewed differently by Local Government personnel. Some supported the Regent and his character, others opposed him and declared their disagreement. According to an internal source in *Giri Bappeda*, the number of people who opposed the Regent was quite significant. The Regent, who was preparing himself for the direct election of Regent, considered this condition as being a hindrance that needed to be solved soon. In addition, there was a rumor at that time that there would be another candidate. This candidate was supposedly a senior bureaucrat in the Giri Government (the City Manager) and was supported by the *Golongan karya* Party. In order to confuse the Local Government Personnel who did not agree with his policies, the Regent introduced the Incentive Policy for the employees with high achievement. Even though the idea of giving incentives had already been mentioned since the early in his ruling period, strangely it was only realized not long before the next Regent election was held. From this, it can be understood that some bureaucrats suspected that the Regent had his own interest vested in the reward giving process⁷⁶. According to those bureaucrats, the Regent, who came from *PDIP*, was still trying to gain support from his personnel that so had far been loyal supporters (conservative) of the *Golongan karya* Party.

b. Transparency and Accountability

The Giri Regent was one of the regents who dared to announce the allocation and the amount of the *APBD* of his region to the mass media. This was one form of transparency in budgeting. Even though the announcement was not in detail, the bravery itself was a breakthrough in that it viewed the *APBD* as being not only a document that belongs to the government, but also a public document that is allowed to be read, understood, and criticized by the public. Starting from the 2004 fiscal year, *Giri APBD* could be read in some local and national newspapers.

The publication of the *APBD* in the mass media was important because the most crucial problem in transparency and accountability was in the budget sector. The Regent's argument was as following:

⁷⁶ In the direct election of Regent/Mayor in 2005, incumbent candidate was re-elected as the Giri Regent. Meanwhile, his political enemy that was defeated in the election, senior bureaucrat who previously worked as the Regional Secretary, still became the City Manager.

“I realized that there are some civil service employees who have the bad habit fooling around with the regional expense budget. When they have a chance to make a profit, they take it for themselves or collude with group. This obviously affects their working performance and their informal group”.

This stealing from the budget was suspected to be very high. To solve this problem, the Regent did not take any legal action because the legal institution and personnel were not effective. In addition, if the problem was dealt with legally, then there would be a new case everyday, which drain the Regent's time and energy solving the problem. The strategy chosen by the Regent since the 2001 budget year was to determine that a tolerance limit for corruption was 10%. This reduced to 5% in the 2004 budget year. This tolerance, according to the Regent, had to be given to avoid more lost. If personnel violated this tolerance limit, the Regent would strictly punish them. An example of this is an official from the echelon III that had to work in Room 12 because he took a cut of his inferior's lunch money.

Since the beginning, the Regent had accepted the fact that there was corruption in his government. This fact can be found in his book (Subiyanto: 65, 2005):

“Since the start, the writer has decided that he does not think of eliminating corruption in the Giri administration. However, the writer wants to build a strong bureaucratic system in which the accountability of the regency government can be relied on. Corruption as a form of deviant behavior must be solved through the forming of a powerful system, formed by the executor himself and driven by the will of the writer himself”.

The statement above can be understood as an ability of the Regent to face the reality of corruption in his administration. Nonetheless, the Regent did not dare to make a stern policy because he worried that it might cause disorder in the government. Therefore, he tried to overcome the problem by:

- a. Introducing the performance based budget;
- b. Using the accounting system program;
- c. Using the work satisfaction payment system;
- d. Using the control and supervision system;

- e. Increasing transparency and publicity;
- f. Forming a Regional Treasury.

The Regent also realized that *KKN* was not only committed by bureaucratic personnel but also by non-government people, such as those from the private sector. One example of collusion in the private sector is when collaboration is used to win a goods provision project that is tendered by the Local Government, such as the provision of school books and drugs. Those involved collude secretly to arrange the value of the project through the auction bids that are offered. Later on, the winner of the auction will share the project with all those involved in the collusion. The effect of this collusion is that the quality of the goods received is very low.

Why does this happen? The Regent explained that initially many companies relied on the Local Government's market share by standing behind the Central Government's regulations, such as Government Regulations, Presidential Decisions, and so on. The following Table 6.2 shows the comparison between the number of companies that deal in goods service and procurement, and the number of companies that deal in services and construction, along with the total project values granted in 2002.

Table 6.2: Comparison between number private company and total project value that was granted in the Giri Regency, 2002

Service type	Number of Companies	Giri Budget Allocation (APBD) 2002
Goods Service and Procurement	439	9.227.500.250
Construction Services Procurement	177	10.536.030.200
Total	616	19.763.530.450

Source: Subiyanto, 2005

The table shows that there were many companies that relied on the Local Government's goods and services procurement market share and had to battle it out for a project value that was not big. Construction services procurement was also fought over by many companies, though the amount is smaller than the former service type. The value of this

project was also not large. With these highly competitive conditions, a practice of unfair competition is very likely. Collusion is especially likely between businessmen or businessman and bureaucrats.

In goods procurement, the Local Government was inefficient, since the price mechanism was arranged by regulations from the central government. Unfortunately, the inefficiency of private companies had to be borne by the Local Government. According to the Regent, health services for society were expensive, because the Local Government had to procure medicine from the local medicine grocery partner for the sake of business distribution. The result would be different if medicine procurement was announced to the pharmaceutical industry, and then the Local Government could negotiate to obtain the lowest price with the best quality. The conditions, according to the Regent, forced the government to partner with officials in the region. However, because of their lack of capabilities, the officials would hand over the authority to private businessman that would then collude in arranging the procurement of various services or goods. The regent complained that the officials had been stripped of their authority through many higher government regulations, but were condemned by the mass media and taken to court when they were considered to have violated the regulations. Thus, there were many cases where many government officials were afraid to make policies because they were afraid to make a mistake and be taken to court.

Being aware of this situation, the Giri Regent made a daring move by directly appointing the private company that had fulfilled the requirements to act as the project executor, even though this was in contradiction with the Presidential Decision on the procurement of government goods, which is supposed to be tendered. This policy was then attacked by many companies that were disadvantaged. In 2005, one case, the school book provision case, was even taken to court. The case indicates that the transparency and accountability that are desired in the government sector must also be balanced by transparency and accountability in the private sector.

The Regent did not only show a stern attitude to the non-government group that tried to mess around with the policy that was implemented in the region, but also to the Central Government by making contradicting policy. An example of this, that was once

exposed at the national level, was when the Regent made a policy that placed the National Land Bureau in the Giri Regency as an institution under the authority of the Giri Government. In other words, land matters were no longer under Central Government authority, but now fell under the Local Government's authority. The Regent said that he does not understand why people who wanted to build factories and other things had to ask permission from the *BPN*. According to him, this did not make any sense.

As the result of this policy, the Central Government (*BPN*) was very upset, because land matters were actually still under their authority and had not been yet given to the region, even though it had been mandated by the Law No. 22/1999. In the end, after a long debate, this land matters authority was withdrawn. This stern attitude of the Regent often aroused so much controversy that he was named the *Cowboy Regent*. Culturally, his leadership model diverged from the Javanese culture that tended to favor stability and harmony. It was very often that he had to oppose high officials in the Prajan province level that still had a strong Javanese leadership style.

Nonetheless, his relationship with the *DPRD* was relatively harmonious, because his party, *PDIP*, was the Majority in the Giri *DPRD*. In addition, the Regent had the ability to control the *PDIP* representatives in the *DPRD* so that they supported his leadership. The following is a comment from a former of the *DPRD* that also came from *PDIP*:

"What I see now, during his period, is indeed many changes. Changes are in the Local Government and also in the bureaucracy. Well, not like in the old days where the budget was probably just made up, at least now the Regent has a management background. And he knows how much cement costs today, excuse me, how much iron costs. And that was where the leaks used to come from at least five years ago"

Even though they came from the same party, as representatives of two State Institutions with differing functions, both had strong criticism for the other. The following is a remark from the former head of the *DPRD* on the Regent's character:

"Well, let's see how we can describe him. He never judges people. It is not important whether someone is close to him, one of his people, and one of his groups. No, he is never concerned about those. When someone does something wrong, then he is wrong. Everyone is in the same position. And whenever he has

principles, which he considers to be right, he is very critical. He is strict, patient. That is what makes me admire him. I think he has strong idealism”

Constitutionally, based on UU No. 22/1999, the Regents position is under the *DPRD* because the Regent is elected, installed, and responsible to the *DPRD*. However, in the case of Giri, there was a balance in the positions. Besides the fact that the Majority of the *DPRD* was controlled by *PDIP*, it also occurred because the Regent had the courage to discuss and respond directly to all of the questions, or even criticism, from the members of the *DPRD* on his policy and administration management model. This courage also aroused discomfort among the members of the *DPRD* who just criticize without having with a strong and necessary argument.

2.2. The Anom Regent

a. Management Skill

The management skill of this Regent in running his administration is very different from the Giri Regent. His profession and educational background that is far from the administration world seems to be very influential over his daily performance. Differing from the Giri Regent that divided his duties with his deputy and his City Manager, the Anom Regent handed over all administration matters to his deputy. Many inside sources mentioned that the Regent’s job only consisted of signing to formalize decisions. The following is a comment from the head of an NGO in Anom that has always been critical of the administration, when asked what the Regent had done so far:

“Well I do not know. In the end, he handed everything over to the executive. He only signs. One of the rumors in Anom Regency was that it is easy to handle the Regent, just use money, and give he what he wants. He does not understand the policies, all he knows is how to sign them. Those lower down in the bureaucracy also make of this use. Since the Regent does not know what is going on, the City Manager and others make use of this condition”

Theoretically, in the administration structure, the deputy Regent should also have a function but in practice he does not have any function. The biggest role was played by the career bureaucrats that in the Local Government hierarchy were headed by the City Manager. There were many miscellaneous administration matters that were not understood

by the politicians, including the Regent. This fact supports the indication that when the leadership of the Regent is weak, there are many policies and much administration management that is controlled completely by the career bureaucrat elites in the Local Government.

The inability of the Regent to handle many policy problems that existed in his region is also seen through the fact that when he was supposed to give statements in important regional ceremonies, he was seldom or never came. Any occasion where the Regent was supposed to give his speech, he was always absent with the excuse what he had to attend a more important event. I experienced this personally myself when I had the chance to attend the 2005 Regional Development Meeting of the Anom Regency in where the Regent did not come. His excuse was that he had another event, related to his party, to attend.

From those few facts, the managerial skill of the Regent in managing his government and region can be inferred. The following is the opinion from an NGO worker on his leadership:

“In my opinion, the Anom Regent’s problem is that he cannot build a system and cannot control the regional personnel. He does not understand about governmental management, so that he is driven by his inferior. He does not know what are the SOT government system, the regional autonomy model arrangement, education, and employee placement. He does not have any indicator to place an official in a job position. He thought that if you have the money and you can give me some, I will place you in a job position regardless that person is capable or not, nobody knows”

A similar opinion was also given by one of the deputy heads of the DPRD, that had a negative view on the ability of the Regent to carry out the Anom Regency administration:

“I’m so sorry and I’m asking for permission to say like this, because his qualification is less, and he doesn’t have vision”

One of the officials in the financial sector of the Giri Regency implicitly mentioned that as a result of the insufficient power and authority of the Regent, the urge to reform the local financial management also decreased.

“The Regent’s role is a motivator for local government personnel. However, when he has insufficient authority he is powerless to influence his personnel.

Now, we are moving to reform and we need Regent's support in order to make a faster reform".

This statement from a financial official seems to point toward the academic incapacities of the Regent, who did not have sufficient knowledge of local financial management and was also politically incapable when he had to face the *DPRD*. In the interview, this financial official explicitly stated that he considered the Regent as not having any vision. The seats in the Anom *DPRD* were controlled by *PDIP* (the Regent's party). However, from the quality, they were far below the other large parties such as *Golkar*, *PAN*, and *PKS*. As a consequence, in the *DPRD* meetings, the arguments from the *PDIP* representatives were often contended. The Regent himself was unable to fully control the members of *PDIP* that in the *DPRD* because of the friction within his own party⁷⁷.

The statements above can easily be proven in the practice of daily administration. Many businesses were handed entirely to the officials under the Regent's authority. This condition made the City Manager extremely powerful for he now acted as a "shadow Regent". There were many regional policies and their implementation that were resolved by the City Manager himself. Obviously, this does not mean that the Regent was completely unaware of what was happening. According to some regional officials that used to be active within the Regent's circle, as long as the policies did not endanger his leadership position, the Regent would just sign anything without understanding what he had actually approved.

Another thing that can be considered a result of the Regent's inability to lead is the disharmony that occurred in the working relationship between institutions. There is a strong impression that each of them was working on its own. In the planning process, an institution named the Regional Planning Board (*Bappeda*) is actually responsible. However, it seems that the institution did not have the muscle needed to force the institutions to implement its planning. *Bappeda* is supposed to plan everything that is related to the administration and not just development. However, in practice this was not

⁷⁷ A rumor that spread widely said that in the election process, the Regent was able to become a candidate because he had strong financial support. It was also often said that the Regent who used to be a commander in the Paramilitary of one party was successful in becoming the Regent because of the support from the paramilitary.

carried out and the *Bappeda*, as in other regions, only performed the planning for the development.

In the administration, the Local House of Representatives (*DPRD*) is more powerful than the Regent. However, the Regent and his deputies often misinterpreted the *DPRD*'s ideas in their policies. Unfortunately, the *DPRD* itself did not care whether its ideas were interpreted correctly by the executives or not. Several intelligent *DPRD* members were desperate and reluctant to impose their ideas so that they would be carried out by the government. Most of the *DPRD* members were only concerned with it when it was related to their budget interests, such as their retirement money. Though they realized that it contradicted the Law, they all agreed to take the money retirement fund. Finally, in 2005, the money that had been distributed was returned to the government's account because it violated the Law and they were afraid that the case would be brought to court. Concerning this retirement money, the Regent and the other government personnel seemed to allow it to be taken. A strong impression that appeared was that the Regent used it as a bargaining chip to have the *DPRD* approves his annual responsibility report (*LPJ*). During his five years period as Regent, every year his *LPJ* was always approved by the *DPRD* without any complaints, even though the result of the development were actually not as planned.

b. Transparency and Accountability

The case which is often monitored by NGOs and other non-government institutions in Anom is the placement process of an official. In this case, the Regent played an important role in determining the person to be placed in a position, especially for strategic positions. This was evaluated based on the hierarchic positions in the Local Government in the decision making process and the size of the resources, particularly the budget of the institution. There was actually an administrative standard for placing a person in a certain position, which was based on the standard from the Central Government. However, in practice, after several people were chosen, the "business" was started. The following is a statement from one of the deputy heads of the *DPRD* who admit the indication of position exchange (collusion) in the Anom Regency:

“I think that is true, but we can not prove it by the official data. A rumor is a placement of the Head of the National Education Agency. In fact, therapy reform sock is nice, but it can not yet change effectively of bureaucrat behavior”

The Education Agency is one of the “lucrative” agencies because of the large budget. The budget is used to buy books and stationery, build school buildings and finance the building maintenance. The large amount of resources is very tempting for the official candidates who wanted a position in the institution. The Regent and his comrades apparently managed to see this as a business opportunity. The next part of this research will explain the amount of business done and its mechanism. This is quoted from a study by an NGO activist who has been monitoring the Anom Regency.

The amount of the money the candidate who is interested in the position has to pay, according to this activist, is varied depending on the position:

“When a personnel wants to become a head of an agency, he/she has to give money more or less Rp 50-100 million (€4.500 - €9.000) to the Regent. The most expensive price was the position of the City Manager. That is the answer of inexistence of the city manager in Anom Regency until now. The price was around Rp 250-400 million (€22.000 – €37.000)⁷⁸”

and for the position in a lower echelon, echelon IV for example:

“To become a principal of an elementary school you needed to pay Rp 40 million (€3.700). This money goes to the Regent”

Another opinion that supports the opinion of the NGO activist above came from officials inside the Anom Regency Health and Social Welfare Agency:

“Everything is based on how much money do you have!!! Yes, that is what happening here because money can make a decision. The price for position of a head of agency was Rp 75 Million (€7.000), for echelon 2. That is what happening in Anom”

⁷⁸ Just as a note, for almost a year (mid of 2004-2005) the Anom regency did not have a definitive City Manager. The City Manager position was automatically held by the First Assistant of the City Manager on the administration section that became the Job Executor of Anom City Manager. At the end of 2005, based on UU No. 32/2004, Anom got a City Manager after carrying out a selection process that was based on the Governor’s Decree.

A commotion once occurred during the election of head of the Anom Regency Health and Social Welfare Agency. Most of the doctors and medical professionals in the Anom Regency joined a protest to object to the assignment of a person as the Head of Agency because the person did not have any medical background and his competency to manage the health matters in the Anom Regency was doubted. Information that was received from a head of a *Puskesmas* in Anom said that the person had been assigned as the head of health and social welfare because he was able to pay a sum of money to the Regent. In the end, the demand from the protesters was fulfilled and the head of the agency was replaced by a person with a medical background. Nonetheless, according to a source in a *Puskesmas*, the current head of the agency is still one of the Regent's men and most people from the health sector do not like him.

The rumor that officials had to pay a sum of money not only spread widely within the executive and legislative but also among the public. To this day there is no official disclaimer from the Regent on the rumor that has obviously confronted his credibility and position⁷⁹. Nonetheless, he did post a disclaimer on the rumor that said that the Paramilitary used violence toward NGO activists who tried to uncover the illegal transactions in the recruitment of officials in Anom⁸⁰.

In a further explanation on the mechanism of the transaction, the critical NGO activist mentioned that people who carried out this act were people from the Paramilitary. After several official candidates were identified, people from the Paramilitary would come to the candidates offering positions in an institution and asking for a sum of money for the Regent. The candidate who was able to give the highest amount would be chosen as the head of the institution. It sometimes did not matter if the candidate was not able to give money, as long as after he was chosen he is be able to pay the money using money taken

⁷⁹ I had trouble an interviewing the Regent and the City Manager and direct information from them on the position exchange was never obtained. There was a tendency that they avoided academics (including reporters). One of the activists from an NGO had once reminded me on this. He said that it was impossible to interview the Anom Regent because he would refuse and was not able to answer questions, especially from the academics. According to him, to have an interview, the interviewer even had to provide a sum of money.

⁸⁰ In mid 2004, an NGO called Anti-Corruption Anom People Alliance went out in the streets to protest the position exchange and carried banners. This demonstration then was responded to by several people from paramilitary who attacked the houses of the heads of the NGOs. The houses damaged.

from the project that is carried out by his institution. The following is the activist's explanation:

“Well, corruption in local government projects varies, it is based on the size of the project budget. I know it, for example, is in the farming agency. It was about 10% of the total of the project budget”

in another case:

“Well, the problem was the education aid (BOP). Each school received education aid Rp 700 thousand (€70) and it was curtailed Rp 100 thousand (€10). So, the school received around Rp 500-600 thousand (€50-€60), but the school principals have to sign a receipt for Rp 700 thousand. It was all exposed”

In the kingdom era, this cut could be considered as the same as an offering a nobleman paid to the king as a symbol of loyalty. This behavior, cutting 5-10% of the project value, often appeared during the New Order Regime era and still exists now. Therefore, it is logical that there are many development budget leaks, and the money that reaches the society is very little.

Despite of the truth of the rumor about the illegal position exchange and the cutting of the project value in the Anom Regency, the government had no transparency and accountability the current Regent's period. Different from other regions, the Giri Regency for example, the Anom Government did not have a policy of announcing the amount of the *APBD* to the public through the mass media. The problem in finding out the amount of money received and spent was getting bigger because those two things were handled by two different institutions, the Income Agency (*Dispenda*) and the Regional Financial Management Bureau (*BPKD*). The management that handled these two different institutions had worsened the effort to implement the performance-based budget because it was difficult to match the income source and its use with two different institutions. A performance-based budget that is able to locate income and expense should be supported by an institution that is capable of managing all of the finances.

Another issue that added more to the list of the shortcomings of the Regent is the public services issue. The One-Stop Services Unit (*UPTSA*) that was available in many regions was not available in the Anom Regency yet. The demography and licensing

services units were still spread out across all of the technical institutions. This condition caused people and Private Corporation that wanted the services to have to spend extra money. This not only occurred in the demography or licensing services sector, but also with other public services such as the health sector, where the quality also decreased. The Human Development Index from 1999 to 2002 as quoted by the UNDP Indonesia, has shown that Anom is still in the lower category. In 1999, it was 65.1 and ranked 121st out of about 350 regencies/municipalities in Indonesia. In 2002, it rose to 67.8 and was in 116th position.

2.3. The Kulon Regent

a. Management Skills

As a genuine politician that started her career from the bottom, the Kulon Regent had seen various political tricks that are always present at the local level. The Kulon political configuration is changeable and could cause political friction between groups if not managed well. This could in turn cause instability in Kulon and would affect the performance of the Local Government. The Regent was fully aware on these condition, and she tried to accommodate every existing group into her administration policy. The deputy Regent was taken from a religious group, *PKB*, which has a strong influence in the countryside.

In the administration management, the Regent depended mostly on the abilities of the City Manager, as a senior career bureaucrat, to comprehend the details of the administration. In the early period of her administration, the Regent even entirely believed the City Manager, a devotee of the *Golongan karya* Party⁸¹.

The City Manager, who was almost entering his retirement, was actually not liked by several Local Government officials, especially the *DPRD*. Local Government officials disliked him because he often acted over authoritatively and caused problems in the relationships between institutions. Meanwhile, the *DPRD* that was still controlled by

⁸¹ During the New Order Regime period, every civil servant automatically became a member of the *Golongan Karya* Party. Rebuking this unofficial rule might cause the civil servant to be dismissed. The support from the civil service for *Golkar* was still strongly felt until the New Order Regime authority collapsed. This support included the officials in the region such as the City Manager.

PDIP thought that he was still a part of the past era, an apprentice of the New Order Regime that was controlled by *Golkar*. They worried that he would control the Regent. Coping with all of the criticism, the Regent stood her ground and kept him as the City Manager. Her reason for this was that she learned many things from him on Local Government management. Her dependency on the City Manager in managing the administration was very significant, much internal business was handed over completely to the City Manager.

Job division was also done with the City Manager. Many internal business of administration management was handed to the City Manager, while the external business was still under the full control of the Regent. The fact that she paid more attention to the external business in her administration was often criticized by the *DPRD* and NGO's. One of the NGO activists in Kulon once even said that the Regent acted as if she was a celebrity—she was famous while her administration was full of faults. This criticism was mostly true because according to *DPRD*, there were many things in the administration management that were supposed to be her responsibility that she abandoned. This happened especially during the early period of her administration.

The Regent apparently wanted to use her advantage at being the only female Regent at that time to lobby some people she considered to be able and willing to help her develop Kulon, which was the third poorest region in Central Java Province. Her ability to lobby resulted in several financial donations for Kulon. In the early period of her administration, she was able to acquire about 50 billion Rupiah of funding to develop several sectors in Kulon that were still undeveloped, such as the health and education sectors. The funds came not only from national donors but also from foreign donors. With regards to her ability to lobby, the Regent tells her secret:

“Before I ask donor agencies to help us, firstly, I explain the condition of my regency. Most of the things that I explained to them were the things that I encountered regardless I am as a regent or as a party leader. When I can combine the information from both sources, I am able to tell the truth condition of my regency. After that, I usually move to the problem that I am facing now and the prediction of the future if no aid could be gained”

The Regent was fully aware that it was impossible to only depend on the *APBD* to develop Kulon, considering that the budget was small. Therefore, she had to look for alternative financial sources outside the *APBD* that were not too binding and would not burden the Kulon *APBD*. The aid that was considered to be very helpful for society was in the education sector. The funds were used to fix many elementary school buildings that were no longer fit for teaching. In 2001, the stimulant funds budget reached 3.3 billion Rupiah, and 10.3 billion Rupiah of self-supporting funds was obtained from society.

Though male domination in politics was still powerful, her characteristic as a female was still apparent in her behavior as a Regent. This characteristic was also seen in her administration management. The Regent often considered many things herself before making any decisions. This was done so that the policy made was correct and could be accountable to society. This was considering the fact that the social system of Kulon was still influential, and sometimes small things that affected the culture of the society might be ignored. An example of this often happened in the official recruitment. Once an official had to be fired from his position for a simple reason, his wife was a person who could not keep a secret. According to the Regent, this was dangerous because government's secrets might be exposed to the public. Another example is a case in which the promotion of an official that to echelon II was postponed because he did not have the ability to speak in public. There was once also a female official that was about to be promoted to be a *Camat*, but this was postponed because her husband was a driver. The reason for this postponement was that a *Camat* is considered to be a 'parent' for society that the performance of her family must also be considered. Another case was when the Regent received an SMS from saying that there was a Civil Servant candidate that was a rapist. The Regent conducted an investigation into this matter and it was proven to be untrue.

In the personnel recruitment and promotion process, the Regent did not depend completely on the *Baperjakat*. She thought that there much personal employment data that was not covered by the *Baperjakat*. Thus, with the help of a small unofficial team, the Regent processed the employment data of a person before they were installed or promoted to a certain position. In this matter, the role of Regent in the placement of officials from

echelon IV to echelon II was very important. *Baperjakat* functioned only as the supplier of data to support the Regent's decisions.

A Regent's Decree that was once controversial was the hat installment of a young official to become a *Camat* Task Executor (*PLT*). Based on the employment regulations, the person had not fulfilled the group and rank requirements to be placed in a *Camat* position. However, the Regent argued that the person had the capability needed though his group and rank were not yet appropriate. This policy aroused much protest from the senior bureaucrats that had waited for the position for a long time. This case then became a reason for the *DPRD*, which did not like her, to criticize her policy. Their argument was that the number of employees who had already fulfilled the requirements were quite plentiful, and a new *PLT* should not be installed. In the end, the controversy was over after the National Personnel Board (*BKN*) disagreed with the installment, and it had to be cancelled. From this case, it can be seen that competency in the employee promotion was not the main consideration, since it was the seniority, such as the group and rank that was considered.

Another problem in the bureaucracy occurred when the Regent wanted to simplify the organizational structure of the Local Government. This was opposed by the senior officials that felt their positions threatened. Usually, the senior officials would ask for help from the *DPRD*, whether personally or through their party, to retain the existence of the institution in question. The lobbying from the senior officials often troubled the Regent in managing the organization. Eventually, the final decision was often the result of bargaining between the executives and the legislative and it often ignored what was actually necessary.

b. Transparency and Accountability

The Regent also tried to develop Kulon using potential from the outside. The Regent collaborated with several national investors that had emotional relationship with Kulon. One of these investors was used to build the *Dewi Kulon TV Station*. This TV station received technical aid from a national advertising businessman that came from

Kulon. However, there was much criticism of the Regent's Policy because of the basic question that was raised by one of the deputy head's of the *DPRD*:

"Do the people of Kulon really need this TV station?"

The answer is obviously no, because as a region that is still classified as a poor region, there were still many basic needs, such as in the health and education sectors, of the Kulon people that had not yet been fulfilled. In addition, the building of this TV station was not in the Regional Strategic Plan (*Renstrada*). This means that there had not been an agreement between all of the actors in Kulon, especially the *DPRD*. Besides this, in practice, a calculation that was done by the consultant estimated that the station would create economic profit, which was completely wrong. In practice, every year, the operational cost of this TV station burdened the *APBD*. The following is the opinion of the *Golkar* Party in response to the Regent's *LPJ*:

"Cooperation with the Sun Inc.to develop TV station has shown failure in term of the income target from Dewi TV Station. It is nonsense if income in second years will reach a large amount money and it will turns the invest".

The same opinion was also given by the Regent's own political party, *PDIP*, which considered that the operational expense of the station was too big while the contribution to *PAD* was too small. The Information that was obtained from the National Unity Fraction showed that according to its plan, *Dewi* TV was supposed to make a 3 billion Rupiah contribution to the Local Government every year. In the reality it only made 10 million Rupiah per year while the operational expenses reached billions of Rupiah.

In response to this criticism, the Regent admitted that economically this TV station was a loss. However, the Regent reasoned that through its effectiveness in supporting the development of Kulon, this TV station had become a bridge to connect the Local Government with society. Through this TV station there had been many aspirations of society that were expressed, and many Local Government's development policies were also communicated. Even the *APBD* was published through this TV station. This success was indeed difficult to measure with money, and the critics never considered this as being a success.

The biggest political advantage that the Regent achieved with the TV station was that her popularity in the society increased drastically, even reaching the remotest villages. This was because the frequency of her appearance on TV was very high, in addition to her frequent visits to remote villages. In some way, this gave her an advantage in the elections for the Regent. She was the only local actor involved in the process who was already familiar to society which was dominated by the lower classes⁸².

Her popularity to build her image in society was not only done by building a TV station but also by making a luxurious press conference building, including the website system, that was opened by the President of the Republic of Indonesia of that time, Megawati. The building was very much criticized, especially by the *DPRD*, which felt that Kulon did not need this kind of building yet, as there were still many school buildings that needed to be repaired. However, because of this policy, Kulon received a reward from a national magazine as the regency who has the best website in the national level.

Sometimes the criticism was over the top, using intimidation, but this never dampened the Regent's spirits. As a politician who had already been through many things in the political world, the Regent often challenged the critics to prove their criticism. This attitude often made her political opponents furious, especially those in the *DPRD*. In during her leadership, there was very often conflict between the Regent, her Local Government personnel and the *DPRD*. The conflict scared many Local Government officials that were not used to conflict, for during the New Order Regime era the relationship with the *DPRD* was always harmonious and the Local Government constitutionally was above the *DPRD*. Today, based on Law No. 22/1999, the situation has changed. To confront the *DPRD*, the Regent personally taught her officials how to face the *DPRD*. To protect her officials, the Regent issued the Kulon Regent's Decree Letter No. 130/0091 on 23 February 2003. Through this letter, the investigation of a bureaucratic official that was accused of to be involved in a case must be done with the Regent's permission. This letter, according to the National Awakening Party, was a form of arrogance from the Regent, an infringement of the law, and an effort to stall the case

⁸² This has been proven. In the direct election of the Regent that was held in June 2005, the Regent was re-elected with Majority vote of approximately 65%.

investigation process. Furthermore, the *Golkar* fraction considered the Regent's leadership style as ego-centric, slightly arrogant—for she liked to get her way, and often made policies that showed a “*vivere pericoloso*” nuance and were colored with strong political ingredients and sense.

Responding to the criticism in the letter, the Regent once complained that she and many of her officials were intimidated:

“No matter how good a regent is. If nobody backs the Regent administration up, he/she will be destroyed. It is a difficult because there is an inexistence of such law instrument, the regent would be pressured to practice KKN (corruption, collusion, and nepotism). My personnel were intimidated from politicians. They were often asked for spending money illegally from the budget and they would often respond by creating tactical budget”

Owing to this pressure, according to the Regent, many of her officials were forced to conducted *KKN* in order to avoid legal investigation. The letter was a part of her effort to prevent intimidation that would have a negative effect on the performance of the bureaucratic personnel.

Her conflicts with her political opponents, whether in her party or other parties, were usually caused by the problem of uneven resource sharing. The Regent also admitted that in her own party there were many people who tried to force her to conduct *KKN* which would benefit her party. Nonetheless the Regent refused, although in practice there were many people from her party that tried to make use of the policy from the Local Government. An example of this that was often criticized by other parties was the cement and asphalt aid that was given to some villages. It was indicated that the giving of this aid was intentionally done to gain sympathy from society towards a certain party.

A reliable informant from a source in the Kulon Government inferred that the Regent's frequent conflict with the *DPRD* was caused by the refusal of the Regent to fulfill the *DPRD*'s demand to give money from the prosperity and retirement funds to the members of the *DPRD* through the *APBD*. The Regent considered these funds as violating the rules, while the members of the *DPRD* felt that it was proper for their duty. The *DPRD* then focused the issue on the Regent and her deputy's cars, saying that they were too

expensive. This conflict appeared to advance and it influenced the relationship between the Regent and the *DPRD* until the end of the regent's ruling period.

The conflict that originated from the resource sharing also occurred in the private sector. When the Regent made a policy to give stimulant aid of 5 million Rupiah directly to each class in a school that was considered to be physically unsuitable for learning, the developers, members of *Gapensi*, were angry. They believed that by handing the aid directly to the school committee, they would miss their chance to get the school renovation or development project. This strong opposition from *Gapensi* did not abate her drive, because she considered this project to be too small for *Gapensi*. In exchange, the Regent found another aid from outside Kulon, that was a larger amount than before, for the development of Kulon infrastructure that could be carried out by *Gapensi*. However, this was still unsatisfying for them since not all of the developers had the required classifications in the infrastructure development project.

Among the bureaucrats, there were also many people who disliked the Regent's popular policies such as handing the aid directly to the people who deserved it. This was because for years they had been messing about with the budget for the development projects in their region. When this *project mentality* was about to be eradicated by the Regent, the bureaucrats brought up their opposition. The tendency was for the bureaucrats to use the *DPRD* to contradict the Regent's policies that were considered to be a threat to their interests.

One of the Regent's jobs was public services, especially licensing, demography, and health. To this day, Kulon does not have a One-Stop Services Unit (*UPTSA*), only a one-doo services office that does not have any authority. The services that are available are still spread among the institutions. According to the Regent, one of the reasons for this is that the institutions were not willing to hand over the authority of the services to another institution. The Regent's commitment to improve the services was never realized because there was not any policy that could force the institutions to hand over the service authority to an institution such as *UPTSA*.

The health services problem was especially great in the service quality of the Kulon Regional Public Hospital (*RSUD*). There were many people who preferred to go to

another region *RSUD* than to Kulon *RSUD*. The following is a response from one of the members of Commission E in Kulon *DPRD* that handled health matter:

“The problem in the health sector in Kulon is that there has not any agreement between the Health Agency and the Public Hospital in determining the health program. Each of them still works on its own. The society is rarely involved. The health Agency still acts as the sole executor of the health policy in Kulon Regency. Many proposals from the board are not approved by the executives though they are promising. I do not understand why the executives always reject them.”

The Regent had tried to improve it but it seems that as long as the basic problem, i.e. the salary of the health force in the *RSUD*, was not settled, the service quality would not improve. The indication that showed that the salary matter was indeed a problem could be seen from the fact that there were fewer doctors who wanted to work in Kulon *RSUD* compared to the hospital in other regions. Until now, Kulon *RSUD* is still lacking doctor in all service fields. Meanwhile, the region itself was not able to raise their salary because the budget in *APBD* was limited.

2.4. The Prajan Mayor

a. Management Skill (s)

Compared to the other head of regions, Prajan Mayor was very strong in popularizing the importance of quality improvement in the public services. He was not embarrassed to call himself the head of the public servants. Many policies were made to increase the quality of public services. One of the policies that were considered to have a direct effect on society was the revitalization of street lamps that occurred in every corner of the city. The cleanliness and the beauty of the city parks were also re-managed, including the arrangement of street vendors. The services in the demographic and licensing fields were also re-arranged, through the implementation on of One-Stop Services Unit (*UPTSA*). The arrangement was not only in the system and the procedures of the *UPTSA* that were relatively simple, but also in the improvement of the supporting human resources.

The Mayor's commitment to improve public services was indeed strong. However, it was unfortunately not accompanied by a sufficient internal management arrangement. The following is the opinion of an official in the Prajan City Manager Office:

"Yes, the public service must be improved, we must do this and that. But the Mayor forgot that to support public service reform, 'vitamin' must be given. The bureaucracy was never been lashed from behind to carry out the reform. So I suppose the hungry and untrained 'dog' (bureaucracy) will always limp chasing the bone. That is how the analogy actually is."

The analogy that was by the official describes the ignorance of the Mayor in making his policies, saying that he tended to pay more attention to the services and forgot about the the system and the people who run the services. The main concern was with the official recruitment and institutional arrangement. There were many officials recruited who were not competent, since the evaluation was based on seniority and the group and the rank level. It was even indicated that there were some officials who were installed based on nepotism. In the institutional arrangement, even though there was downsizing and rightsizing, there was still collusion which was often ignored. There was once a case in which the existence of an office was retained because a family member wanted to keep his position as the head of the office.

The Mayor observed all of these flaws. This was shown in his answer when he was asked about his policy that tended to be more concerned with the services than the reform of his public administration:

"Well, that is true. Someone sent me a letter. This guy told me not to use the fourth gear first, but to use it in order, started from the smallest one. It is not easy. This concerns the corporate culture, the culture of the organization"

In this matter, the Mayor was not unaware that he was dependent on the bureaucracy, especially the senior bureaucrats, to run his administration. These bureaucrats were the officials who were already familiar with the details of the administration. His strategic decision to concentrate more on public services was in fact appropriate. However, to hand over the management completely to the senior bureaucrats was not a wise thing to do. The Mayor should understand this:

“It is true in the past (the New Order regime), everything was too strict with the line. Decisions and suggestions always came from the top leader (mayor). Thus, in the staff level, there was no culture to express, to make an opinion, to argue, and to discuss”

The Mayor also often complained that his inferiors did not dare to make decisions because they were afraid to take the risk. This condition was in great contradiction with his business spirit which liked to take a risk in decision making. The cultural aspects were also still a problem:

“Yes, it is still our problem. It is also very difficult to change. If I said something, no body dared to argue. That is actually very dangerous for a leader. I always remind my officials in discussions about that. They should consider my opinion to be equal with them, although at the end it is I who make the decision”

All of this behavior from the senior bureaucrats became a main problem in the public administration reform. Looking at the history, almost every Mayor in this region came from a military background. This military leadership model made the behavior of the personnel relatively rigid. Democratic attitudes in the leadership and administration management developed very poorly. Behavior like this was believed to increase because of the culture of this region, which was very much influenced by the culture of the Kraton that always had *unggah-ungguh* (politeness rules) and patrons as the values that had to be obeyed. The effect of this that was very obvious was in the employment hierarchy, where first place in official placement was to the given bureaucrats that were senior and had a closeness with the patrons, instead of the competent employees. The arrangements in the decision making process also tended to be prolonged because it had to go through some actors before it was finally handed over to the highest senior bureaucrats.

These senior bureaucrats were of course not neutral. They had a very strong interest in retaining the status quo. Therefore, they could not be expected to come up with reform decisions. Usually, the noteworthy decisions came from the Mayor. The disparity between these two official groups was actually very apparent. An official in the City Manager Office said that they could be analogized as water and oil. The upper layer was the Mayor that moved with a political perspective and had his thoughts far ahead,

orienting the public services. Meanwhile, the lower layer was the City Manager and his staff. They were the heritage of the previous era, and were very slow, had significant inertia, and had a large focus on position. They were not supported by an appropriate level of competency, they very often contradicted changes and also often tried to make new ideas fail. The deputy Regent once wanted to arrange the organization differently from the Central Government regulations. However, his staff unfortunately did not want to execute this idea any further and preferred to follow the regulations than to fulfill the region's needs.

From this, it can be seen that the Mayor was unable to do anything when he was faced with senior bureaucrats who knew more about the government management. This helplessness was seen in the fact that he never acted strictly against the people who tried to make use of the administration performance. His helplessness in management is suspected to be caused by his helplessness in politics. A rumor spread that said that the recent City Manager was "the choice" of one of the heads of the *DPRD* that came from one of the big parties in the 1999 General Election. The number of seats controlled by this party was larger than the Mayor's party, and he was therefore not able to control the City Manager⁸³.

b. Transparency and Accountability

Among the officials in the Prajan Province, the Prajan Mayor and his deputy were famously known as Mr. Clean for their honesty and commitment in wiping out *KKN* from the bureaucracy. The *APBD* was published every year through the local mass media, and could also be accessed through the government's website. The government's policies could be easily accessed by the people who needed them.

To smooth over the communication with society, the Mayor opened a direct complaint line service that was managed by the Complaint and Information Service Unit (*UPIK*). This unit was arguably the most complete complaint service at the level of Municipality Government in Indonesia. It was the most complete because the *UPIK* used

⁸³ During the implementation of Law No. 22/1999, political interference in the bureaucracy, especially in the placement of career official, often occurred in many regions in Indonesia, though legally this was not allowed. The interference also influenced the authority in the bureaucracy, and it affected the performance as a whole.

many forms of media to communicate, such as SMS, email, telephone, a website, and the direct services of a data officer. The response of society the *UPIK* was incredible, for every day there were tens of complaints, questions, information request, and suggestions received by *UPIK*. Most of them were received by SMS. The examples of complaint that were received by *UPIK* between January 2004 and February 2005 are as follows:

Table 6.3: Number of complaints to the Prajan Municipality, January 2004-February 2005

No	Complaints	Number
1	Orderliness	176
2	Transportation	127
3	Public Services	118
4	Industry and Commerce	68
5	Education and culture	65
6	Employment	51
7	Social	43
8	Public Relation and Information	41
9	Settlement	38
10	Other	165
	Total	892

Source: Unit Pelayanan Informasi Kota, Prajan, 2005

From the types of complaints show in the table above, it is discovered that the Orderliness Agency was the institution that received many complains about its performance. This Agency was indeed the most troubled institution because in carrying out its duties it always had to face street vendors that usually liked to disobey the regional regulations on the arrangement of the selling locations. The excessive numbers of the vendors and the limited locations forced them to violate the regulations. The Mayor actually showed a responsive attitude in responding to the complaints by localizing vendors into several particular areas for their business. However, the vendors often did not agree with the government on the location. That felt the locations to be too far away and they often conflicted with the Local Government.

The executives tried to respond to almost every complaint and suggestion from society that was made through the *UPIK*. However, the excessive number of complaints

made many institutions confused in dealing with the problems put forward by society. On the other hand, in the legislative, according to information from a former member of the *DPRD*, in the 1999-2004 period, there were many complaints and suggestions received by the *UPIK* that were never used as input for the board meetings. The board was not very responsive towards input from society. They were busy with their private interest and the interest of their parties.

Once a week the mayor held a talk show that was broadcast live by a private radio station in Prajan. Through this show, society could have a direct conversation with the Mayor.

The Mayor's commitment to fulfill society's needs was very strong. This is shown through his habit of changing the budget allocation without the approval from the *DPRD* as long as it was in the public's interest. Some board members that were very strict on following procedure sometimes protested this move. In one case, during the composition of the Demographic Management Information System, the Mayor was forced to bow to the board's will to return the budget allocation to its previous condition. However, in some other cases, there were times when even the *DPRD* had to respect the Mayor's changes.

According to the views of a member of the *DPRD*, the Mayor was a person who was far removed from formality and bureaucracy. This attitude was very different to his predecessors that came from a military background, in which procedure and rules were something that could not be changed. His background as a businessman seemed to make flexibility in his administration become very important. Rules were important but action in the field was much more important. Through this way of thinking, many fresh ideas came to him, especially concerning the public services.

The problem that was faced by the Mayor when he tried to encourage transparency and accountability in his administration was that he had to content with the *DPRD*'s interests, personally and institutionally. There were many occurrences in the *DPRD* which had been proven to violate the law, such as the retirement allowance sharing for the members of the *DPRD* from 1999-2004. The result of this is that today most of the members of the *DPRD* from that period have had to go to court. In addition, some

members of the *DPRD* without hesitating personally put pressure on the Local Government to hand over several development projects to them without going through tender procedure as is required. Some of those cases were tried and the court punished those that were proven guilty. There were once a tender process for Local Government personnel uniform provision that did not follow procedures, and was won by high up members in the *DPRD*. It was believed that it was impossible that the Regent and his staff did not know about it. However, his weak position in relation to the *DPRD* made him unable to do anything but to obey their wishes. That fact that there were not any Local Government officials involved in this case was due to the fact that they were clever enough to avoid getting caught. This is understandable considering that they had managed development projects for years and knew all the ins and outs of the process. This is different from the *DPRD* members that were mostly new to the field and did not have any experience. They were easily trapped with a legal problems when they thoughtlessly broke the law. The Mayor did not do anything about this because he probably wanted to avoid any political conflict that might have arose between the executive and legislative. In practice, political intensity between the two was relatively rarely exposed to that time.

2.5. The Alit Mayor

a. Management Skill (s)

The Alit Mayor had a strong commitment to reform in the public administration. This can be seen through his publishing a book that described his reform strategy and various problems faced. Among the six Regent/Mayor that are the subjects of this study, the Alit Mayor was the only one that had a district commitment to reform his public administration. The following were the moves that he made to reform his public administration:

1) Implementing a visionary leadership style

Through this style, his leadership was always oriented towards performance and achievement based on the visions and predictions of possibilities that could be achieved in the future. This leadership style was chosen because Indonesian society was so deeply affected with primordial bonds and a patrimonial culture.

2) Developing communication in every direction

The implementation was done by developing working networks vertically, horizontally, and diagonally, whether in the bureaucracy itself or the government with other stakeholders.

3) Changing the mindset of the Local Government bureaucracy

The mindset was changed from the *pangrehpraja* pattern that tended to be authoritative and wanted to be served, to the *abdipraja* pattern that gave services to the society.

4) Implementing the reward and punishment system consistently

This was implemented in the form of selective reward, incentives, and income improvement allowances. For those who violated this, there would be punishment in accordance with the mistakes made based on the employment regulations and the law nationally.

5) Carrying the duty based on the function.

One of the reasons for the job confusion was the inconsistent, overlapping, and non-systematic job and function implementation. Therefore, the Mayor tried to organize these conditions by drawing a clear line between the role, duty, position, and function of the City Manager, Regional Agency, and Regional Technical Institution. The working mechanism and the relationship pattern between the internal and external Local Government institutions were then determined.

The public administration reform did not work entirely smoothly. There were many obstacles that had to be overcome. The Mayor mentioned several obstacles, both internal and external. This was understandable considering that the senior officials had already settled into their positions and were hesitant towards or even totally unsupportive of the effort to improve the conditions, especially if the changes were done fundamentally and in a relatively short period of time. To deal with this, the Regent used a psychological approach to the senior officials accompanied by a two-way learning process, both for the leaders and society. As in the Giri Regency, the Alit Mayor also placed senior bureaucrats that did not have any abilities as 'Expert Staff'. The purpose was to learn. If they then gained their abilities back, they were allowed to take up their positions again. However, if

they did not, they would have to stay in that position until their retirement. This human resource problem was acknowledged by the Head of *Bappeda*:

“Well, it goes back to personals because they enjoy to be settled and dislike reform. This is not only at the lower level but also in the top level—middle management. They even exist in surrounding the Mayor. They try to find an opportunity to reverse the situation to the old administration system”.

When he was asked further on how they put back the old administration system, the Head of *Bappeda* answered as follows:

“They influence people who have similar idea with them, especially people who have inability to follow the reform, because lack of capability and threatened by the young employee. They often try to influence those people who are disappointed with the policy. There is actually no policy that shoves those people asides. They have already been given a chance to join the reform process, but they chose to step aside or just to stop due to they are unable to follow the speed of the reform process”

According to a source in the City Manager Office, this senior officials, in the early period of the reform era was from the City Manager Office, which was indeed filled with senior career officials. To reduce the possibility of this pro-status quo power cluster, the Mayor made a policy of rotating the officials. In 2001-2002, the frequency of the rotations was very high, and it was possible for an official to be rotated twice in a year. Information received from an NGO said that the high frequency of the rotation made many officials stressed, and made the working climate less conducive.

Another problem faced was the immaturity of young bureaucrats. This problem was inherited from the old bureaucracy system that gave more priority to seniority than to the competency. The young bureaucrats had to wait a long time to reach the suitable position and rank requirements. The Mayor made a breakthrough by prioritizing the young employees who had the competency to be place in certain positions. If the young employees had not reached the rank requirement, they would first be placed as Duty Executors (*PLT*) until they were able to show that they performed well. Conflict would usually occur between the young officials and the senior officials which disturbed the administrative performance. The young employees were usually far more progressive in making policy than their seniors, who usually would place themselves in settled place and

harmony. To manage this problem, the Mayor gave technical instructions, had emotion control and created the reward and punishment mechanism.

A problem that was difficult to solve came from the external parties, especially the *DPRD*, that did not support the government proportionally. On paper, the *DPRD* was very supportive and even demanded that the Local Government perform various rejuvenations in the government and regional development system and mechanism. However, in practice, the support was only maximized when it concerned with the working mechanism in the Local Government. When it concerned the working mechanism in the *DPRD*, the support would suddenly vanish. The result was that the relationship between the institutions was in poor shape. The two institutions did not have level positions, but had sub ordinate positions. The statement from the Mayor seemed to be pointed at the arrogance of the *DPRD* which did not want to reform itself, especially considering their obedience to the political etiquette in the administration. It was difficult for the public administration reform to succeed when the people inside were using the bureaucracy for their own interests. Usually, when the executive was in a trouble position, they would use society to help them criticize the *DPRD* so that the bad problems could be solved. The mayor did not have any trouble in gathering community's support, because there were many NGOs and activists that were active in criticizing the *DPRD* and cooperating with the Local Government. In addition, the participative mechanism in this city worked extremely well.

The Mayor's strategy in sustaining the public administration reform had at least smoothed the move to run the administration. The Mayor's vision to make the Alit Municipality a city of trade and tourism could be executed relatively well by his inferiors who were mostly young bureaucratic employees. The institutions functioned properly. The Mayor also never forgot about public services even though he was busy organizing his bureaucracy. One of his successes was that in 2005, the Alit Municipality was proclaimed as the city in East Java with the second-highest Human Development Index (HDI).

a. Transparency and accountability

The Mayor's commitment to sustain transparency and accountability was realized by encouraging society to actively participate in city development. One of the initial programs in encouraging community participation was the City Development Strategy (CDS) that was approved by the Local Government and funded by the UNDP and the World Bank through the Department of Internal Affairs and the Department of Settlement and Territory Infrastructure. The program started in 2001 and had a positive effect in that society's concern over development was increasing. This condition never appeared in the previous Mayor's era. The power of many groups in society that formerly spreads now it can be managed by CDS without cutting their critical attitude toward Local Government. The success was also supported by the mayor's attitude that was very open and did not carry the formal bureaucratic attitude that often stalled communication between the Local Government and society. It was never difficult to meet with him. Sometimes, the Mayor himself even came down to talk to people. This populous attitude made him be easily accepted by society.

Many representatives from different groups of people such as academics, NGO's, religion groups, art and culture groups, farmers, merchants, and even politicians, which were part of the CDS worked together to find a perfect way to build the Alit Municipality. This forum was also often used by the Local Government to introduce the government's development program plans. The critical attitude towards government was also lessened because the Mayor often preferred to have dialog rather than give a speech. The Chief of *Bapeda* admitted that in the early period of the CDS program, there were still many Local Government personnel that were uncomfortable with the criticism and the suggestion from the people in the CDS. It is understandable because previously the planning process was under the full authority of the Local Government, and society only acted as a receiver. This time, they jointly listened to and discussed the development planning with society. In the end, with the support of the Mayor and the tolerant attitudes of the young bureaucrats placed in certain positions, the situation became acceptable. The bureaucrats did not consider society as a threat anymore, but instead as a partner in the development process.

The access of society to the *APBD* was widened extensively, and it could now be accessed through the Local Government website. However, society still often complained that it was a pity that the *DPRD* was not transparent. The *DPRD* still sometimes concealed itself from the policy that concerned with the regional finance, especially when it concerned the *DPRD* finance. Due to this, the executives would usually hand over the matter completely to society to encourage transparency in the *DPRD*. In the beginning, *DPRD* members considered the CDS as exaggerating, because it often did work that was supposed to be done by the *DPRD*, particularly in representing society's aspirations. Nonetheless, continuous pressure and solidarity from the CDS made the *DPRD* open itself up and accept the CDS as its partner. Some of the members of the *DPRD* even often happily came and were involved in discussion with CDS.

To speed up the development process at the level of *Kecamatan* and *Kelurahan*, the Local Government provided incentives in the form of Block Grants, which in the 2004 budget year used about 4.5 billion Rupiah from the *APBD* funds. Each *kecamatan* in the region received at least 1.5 billion Rupiah. If in one *kecamatan* there were 8 *kelurahan*, then each *kelurahan* would receive at least 187 million Rupiah. Each *kelurahan* was responsible for using its own money.

There were many development policies made by the Mayor to improve the Alit Municipality, both in its physical condition and through the public services. The most significant physical improvement was aimed at the tourism and trade sectors. In this town, the biggest tourism attraction is the graveyard of the one president of the Republic of Indonesia. This was also supported by several other tourist destinations such as a national library, the East Java art and culture centre, etc. To support the trade sector, a market that used to be traditional has been renovated and now has the quality of a modern market place. Infrastructure was also built progressively with the target of making the Alit Municipality a middle class city. This goal is almost achieved. In the public service sector, the main commitment was focused on the health sector service. Several *Puskesmas* were improved using national standards. Some of them received help from the University of Gadjah Mada through the Citizens' Charter Program to improve the quality of service. Through this program, the *Puskesmas* and society had discussions discussed to find a way

to develop a better service model. In the beginning, this program made the employee in the *Puskesmas* feel uncomfortable because they had to plan the program together with society; this was a very new thing for them. Nonetheless, because of the continuous support and encouragement from the Mayor, in the end they were willing to accept the involvement of society in the planning process of the *Puskesmas* services. The results were quite positive because this *Puskesmas* eventually became a model for the improvement of public services in other sectors.

2. 6. Wetan Regent

a. Management Skill (s)

Even though he came from bureaucratic background, the Regent did not have much experience in managing the administration. This was proven by his high dependency on some of his employees that were under the City Manager's authority, particularly in the matters related to regional finance. This authority circle was apparently quite effective in influencing the Regent's policy on regional finance. For almost three years, it could almost be assured that there was not any adequate control in regional finance management. This did not mean that the Regent did not have the ability to control it, he simply did not have the wish to control it. Without having any control, he could earn many financial and material benefits.

His bad management was added to by the bad mark he got after he made discriminative policy toward his personnel. The people who had been loyal to him by giving him many bribes, for example, were given a special rank raise. This policy was not only discriminative but also infringed on the Employment Law because the Regent did not have the authority to give a special rank raise, especially when the requirement for the raise had not been fulfilled. This disgraceful policy then encouraged the *BKN* to interfere in the process and remove the special rank raise.

The Regent also did not have a clear vision in managing his administration. Some policies were even stalled because of the mistakes in the policy making and mismanagement. One of the reasonably fatal mistakes was made when the Regent canceled the forming of the Unified Services Unit (*UPT*) through the Regent's Decree No.

494/2003. The Regent canceled the *UPT* because the One-Services Management Information System (*SIMTAP*) was to be available in every agency, which would provide public services was about to be implemented. The implementation of *SIMTAP* then failed because of the inability of the region to provide a sufficient computer network and a lack of human resources to handle it. In the end, public services, especially those related to licensing and demography, were neglected because on onehand, *SIMTAP* had failed to be implemented while on the other, the *UPT* had already been cancelled. This case obviously shows the inability of the Regent to make policy and implement it. The Regent did not calculate his resources with respect to reality.

The Regent's leadership style was considered as being an exaggeration by his inferiors. On every occasion, the Regent always used formal attributes as if he was a military officer, including the baton. The Regent also obligated his personnel to use the attributes that he wore at all times. Those who violated this would be punished. The Regent thought that by using the full uniform, the discipline of the personnel would increase. In every ceremony, a phrase that was always used and became famous among the personnel was "being loyal to the State". In order to enforce his way of discipline, the Regent put his ideas into the Regent's Instruction No. 1/2004 on the Implementation of 'Plus Discipline' in the Wetan Regency. 2003 was even declared as the discipline year by the Regent. Unfortunately, this discipline was only lip service since in practice even the Regent was not able to show any actual discipline. This was proven by the fact that he himself made many management mistakes and the fact that he was corrupt.

b. Transparency and Accountability

The public already knew that the Regent was involved in a tens of millions of Rupiah corruption case and was now doing his detention. The same was also happening to his personnels that used to be inside his authority circle⁸⁴. The sentence clearly proved that transparency and accountability were absent from his administration. The following information on the infringements of the Regent and his personnel were obtained from one

⁸⁴ The people who once received the special rank raise from the Regent, which was in the end cancelled by BKN.

of the officials who was involved in uncovering the corruption that existed in the Wetan Regency, as well as from many newspapers that published the case.

Various infringements of the Regent and some of his staff that were revealed are as follows: a) giving a full salary to employees that had actually retired; b) committing corruption in several projects; c) recruiting and promoting employee through *KKN*; d) performing defiance in tax submission; e) trading the region's assets.

The data on the number of employee in the Local Finance Bureau and in the Employment Bureau were presumably not the same. There was an intentional effort to mark up the number of the employees, for example, by putting employees that were already retired or even deceased on the payroll to receive a full salary. However, in practice, those people still received their usual retirement money without any additions. Usually, the agencies with a large number of employees would mark up the number of the employees. This kind of thing was common in many regions in Indonesia. The purpose was to increase the amount of the *DAU*, for one of the components of the *DAU* was the employee's salary. This effort to mark up the amount was intended to fulfill the interests of the personnel instead of the region. According to data from a Wetan official, there was around 27 billion Rupiah of the *DAU* that was not traced. Besides this, the habit of cutting the project value still existed. The data from *Radar Tulungagung* Daily newspaper (12 May 2004) provided an example of a project that was corrupted. This was the Kelurahan and Village Development Supporter Program (*P3DK*) in 2003-2004, which was valued at 3.1 billion Rupiah. The plan was to give each village aid valued at 60 million Rupiah. However, in reality, the villages only received 54 million Rupiah. This continued in 2004 where the funds that should have been 20 million Rupiah per village only reached 10.7 million Rupiah. In the matter of employment, several officials in the Wetan Regency suspected that there had been illegal position exchange. To be a *Camat* for example, an official had to pay 30 million Rupiah. The competency and professionalism consideration in the promotion and recruitment process were often neglected. It was suspected that anyone who was close and able to pay the decision maker would get the appealing position. Another infringement occurred when the amount of tax that had to be paid was different from the amount that was received. PPh article 21, for example, which was

supposed to be 1.8 billion, was only 0.8 billion Rupiah. It was also suspected that there had been an infringement in the exchange between the local government land and the *Perhutani* Land. The Local Government unfortunately did not act transparently, for the land was handed over to a developer saying that it was for the Local Government personnel settlement. Based on data from the Wetan State Court, the total amount of money that was misused by the bureaucratic elite of the Wetan Regency was 97 billion Rupiah. This figure was a remarkable amount for a regency. Many of the infringements were tried by the court, and some of them had been sentenced.

In many of these infringements, the Regent was not alone. There were some personnel in strategic positions that were involved. It was presumed by an official in the Wetan Regency that there were some cases in which the main actors were the senior official of the Wetan Regency. This was because the senior officials were already familiar with the details and the implementation in the bureaucracy. Nonetheless, without the approval of the Regent, the infringements would have not happened. This collusion eventually brought several bureaucratic elites of the Wetan Regency to the court room.

According to an official in the Wetan Regency, the rapid growth of *KKN* inside the bureaucracy was closely related to the inability of the *DPRD* to carry out its function as an overseer. This was not because the *DPRD* did not know about the infringements, but because the *DPRD* also enjoyed the results of the corruption, and therefore ignored it. The following is a statement from an official in Blitar that evaluated the attitude of the head of *DPRD*:

“When the public attorney spells out the head of the DPRD, the head of the DPRD answer: “What do you think Sir, the Mayor ordered me to sign this, and then he gave me some money. So what’s wrong?” This is humorous in politics, isn’t it? You know that the head of the DPRD had been arrested for diverting a land and building tax. After freed, he is in a political party. Now, he becomes the head of the DPRD due to his charisma among the political party members”

The above statement indicates that they actually knew about the infringements then pretended that they did not know. The infringements that were becoming unmanageable were also caused by the fact that the deputy Regent came from the same party as the

Regent. In other words, there was not any check and balance mechanism between the bureaucratic elites, and this in turn weakened the check and balance mechanism at the *DPRD* level.

3. Conclusion

In this research, the role of the Regent/Mayor is categorized into two groups: those that encouraged the reform (Progressive); and those that were pro–status quo. From the six heads of region looked at, there were four who were progressive and only two who were pro-status quo (see Table 6.4). Those that were progressive were the Giri Regent, the Kulon Regent, the Prajan Mayor, and the Alit Mayor. The Wetan Regent and the Anom Regent are pro-status quo. To judge whether a Regent/Mayor is progressive or not is seen by studying his/her policy. This indicator also includes the regent/mayor’s policy to “oppose” Central Government policy that is considered to be unbeneficial for the region.

All of the four heads of region that considered to be progressive made innovative policies, such as the policy made by the Giri Regent to give rewards and punishments to his employees and to increase the quality of the public health services. The Prajan Mayor was also innovative in making a more accurate employee achievement evaluation and implementing more conducive urban services. The Alit Mayor succeeded in accelerating economic growth through the improvement of city facilities and encouraging public participation in the planning and implementation. The Kulon Regent was also highly concerned with basic education, and building communication networks with sophisticated information and telecommunication infrastructure for her society. While those that were progressive were able to create innovative and courageous policies, those that were pro-status quo never made any productive policies for their regions. The Wetan Regent was once recorded as trying to establish a quite prospective factory. However, this was only a cunning effort to create a positive image for society and the Central Government. The administration model was not any different from the centralized administration model of the New Order regime, because they just waited for the policies made by the Central Government. They were very passive in responding to public issues but extremely reactive to any criticism that they considered would ruin their good name. An example of

this is the Anom Regent who used his paramilitary to respond to criticism from the NGOs. Administration management in both regions was very rigid and not dynamic, and there were often coordination mishaps in the institutions that in the end resulted in mistakes in policy making.

Table 6.4: Correlation between Role of Mayor/Regent and Public Administration Reform Performance

Districts	Role of Mayor/Regent (reform promoter/progressive or reform resistant/status quo)	Public Administration Reform performance
Giri Regency	Progressive	Successful
Prajan Municipality	Progressive	Successful
Kulon Regency	Progressive	Partially successful
Anom Regency	Status Quo	Failed
Alit Municipality	Progressive	Successful
Wetan Regency	Status Quo	Failed

Source: primary data

B. COLLABORATION AND CONFLICT BETWEEN BUREAUCRATS AND POLITICIANS

In this research, the response of bureaucrats and politicians to local public administration reform is categorized into two categories, collaboration and conflict. Data from the regencies/municipalities that were studied in this research will be used as sample cases to analyze how the historical factors and behavior of politicians and bureaucrats affect their attitudes and actions towards creating a qualified public administration. Other sample cases from other regions are also included because these cases commonly occurred in every region. The analysis will start with the historical factor of the bureaucracy in Indonesia in order to have an understanding of the attitudes of politicians and bureaucrats.

1. Historical Factor

One of the periods that formed bureaucratic characteristic Indonesia was the period when the New Order regime ruled. The Regime's influence was so powerful that the bureaucracy at that time was called the New Order regime model bureaucracy. The feature that was most apparent was the hierarchic characteristic, which was very rigid, with all of the administrative levels having to be passed in every decision making process. This model resembles the military administration that is also very hierarchic in which every operation has to be approved by several levels of commands. This resemblance is obviously caused by the fact that the New Order Regime was established by the military using a model that was similar to the military principle of one command and obedience to create stability. Another characteristic was that it put more stress on the procedure than the achievement. The excessive obedience to the procedure was seen when bureaucracy tended to be overwhelmed with routine administration management rather than achieving targets. Sometimes, the obedience to following procedure even became the purpose of their job. Another characteristic of the bureaucracy in Indonesia is the lack of a distinct feature to differentiate between public and private possession. Resources that are a mixed of bureaucratic and private possession often encourages an abuse of power. The concrete forms of this are corruption, collusion, and nepotism (*KKN*) that many still practice to this day. These three characteristics then created the next characteristic, a procedural and red tape bureaucracy. This characteristic is enhanced by the excessive number of employees, which encouraged the creation of unnecessary divisions. This lengthened procedure is also believed to be an attempt to parcel out the bureaucracy's resources. The effect is that the resources that are finally received by society are less because they are blocked by the various stages and divisions in bureaucracy.

Politically, the New Order regime was influenced by the ruling political party of the time that, the *Golongan Karya (Golkar)* Party. Bureaucracy was never free from political influence, and it was legitimate for *Golkar* and *PDIP* to control the bureaucracy using the platform of its party. An actual example of this was when every Civil Servant was obligated to be a member of the party. When it was in power, *Golkar* was not alone,

it worked together with the military to select and place people who were prepared to follow the party's policies and the military's interest as Governor and Regent/Mayor. At that time, almost seventy percent of the heads of the region positions (province and regency/municipality) were held by the military. The argument that was often proposed to legitimate military involvement in administration was that it was to maintain the stability and integrity of the Republic of Indonesia. This policy was stating part of the Development Trilogy of the New Order, which was stability, growth, and equality. *Golkar* mostly consisted of technocrats that were oriented towards economic growth. This also influenced the bureaucracy that has a popular jargon, 'Development'. Thus, in order to maintain stability for economic growth, the bureaucracy was controlled by the Central Government. Bureaucracy in the regions followed the policy of the Central Government, and the regions did not have the courage to make their own policy, even though it was explicitly written in Law No. 5/1974 on Local Government that one of the main principles of the Regional Government is de-centralization. In practice, the regional autonomy was never implemented as it should have been. To control the region, the Central Government tended to prefer to have a military officer place as the head of region, for they were already accustomed to a chain of command. The power *Golkar* had among the bureaucrats up until the reform was considered to be powerful, especially considering that failure in the reform agenda, particularly in relation to economic development, brought a romantic feeling to people about a return to the past conditions.

This characteristic of the New Order model bureaucracy was closely related to the cultural values in which it existed. The value that was often debated was the Javanese value that holds patrimony and harmony in high regard. The negative aspect of patrimony, which is the most obvious, is excessive obedience to the leader. Sometimes, rules would even be violated in order to obey the superior. A leader in the Indonesian bureaucracy structure has a very respectable position, since he controls his inferiors' future through the *DP3* (Performance Evaluation Form). Thus, the leader becomes a small ruler within his/her institution. Offerings are still given to the leaders though sometimes in a different form. In many cases of corruption committed in projects and

institution budget manipulation, the earnings were handed to the superior. These offerings were a part of what was given to superiors in order to get a *lucrative position*.

Therefore, a collusion is often created to avoid conflict in duty. An example of this is the creation of equal resource distribution for every person and division in the organization in order to avoid jealousy. The practice of budget composition that focuses more on equal distribution in institution than on the purpose that the institution is supposed to achieve is an example of the efforts made to avoid conflict.

There are two regions studied in the research that are appealing to compare in terms of their historical aspects and the culture of the society that became their foundation. These regions are the Giri Regency and the Prajan Municipality, which are both in the Province of the Prajan Special Region. These regions are located in one of the oldest kingdoms which still exists today. Therefore, Prajan is known as a centre for the Javanese culture, and many Javanese values and norms come from this area. Though both are located close to one another, they have a different administrative history. The difference is mainly in the history of the leadership, especially the Regent/Mayor under the New Order regime. The Giri Regency is one of the few types of regency that has never had a Regent from the military. Conversely, the Prajan Mayors mostly came from the military. The difference in the history of leadership of the Regent/Mayor resulted in different bureaucratic behavior, both at a personal and organizational level. The following section will reveal these differences. To make it comprehensive, cases will be compared to other similar cases in other regions.

The significant behavior of the bureaucracy in the Prajan Municipality is the excessive formal politeness that exists in the relationship between officials, vertically and horizontally. In a relationship between a superior and an inferior, it is very inappropriate for the inferior to make his own decision without the acknowledgement of the superior. Worse, it is a sin for an inferior to take the initiative to propose a policy. Thus, policy innovation in the bureaucracy is very rare, as everyone is waiting for the superior's order. This lack of innovation was experienced by the Mayor who ruled after the reform era. It was present even at the lowest degree, i.e. proposing idea or opinion. In a working meeting attended by the Mayor and the elite bureaucrats, almost everyone always acted

passively. They considered it to be inappropriate to give their opinion to their superiors. Therefore, they were surprised when the Mayor gave them unlimited freedom to propose a policy or give their opinion. This is one thing that they never did during the New Order Regime era.

The same thing was also experienced by a Regent in one of the regencies in the Prajan province. During his early time as Regent, he was astonished by the attitude of his officials, who tended to be passive and even afraid to express their opinion in working meetings. This occurred even though the Regent had given them infinite freedom to express their opinion. The Regent even showed a great deal of respect to every policy proposed by his inferiors. His astonishment increased when he found that their working ethos was very weak, and there was low productivity and limited working hours. The Regent, who was also a businessman, always compared his personnel to the private sector. An official admitted that what the Regent did was very surprising, considering that so far their Regents had always come from the military and tended to be repressive. Therefore, when the Regent gave them the freedom to express their opinions, they were surprised, and at the same time challenged to act pro-actively. The change took a considerable amount of time because there were still many positions in the bureaucracy filled by people (conservatives) that still enjoyed the New Order regime administration model.

2. Collaboration between Bureaucrats and Politicians

Bureaucrats will be divided into two groups, senior bureaucrats that have a high rank and degree and are placed in certain positions within the bureaucracy, and junior bureaucrats who are still relatively young and have a lower rank and degree. This grouping is intended to sharpen the analysis to reveal which groups in the bureaucracy do not encounter significant problem in making a political relationship with local politicians. As well as this, the research will look at what encourages them to make contact that may affect the bureaucratic reform process. The analysis on the collaboration between bureaucrats and politicians will be done using the context of several local issues that have occurred since the implementation of regional autonomy.

One of the political issues that occurred during the implementation of regional autonomy was the “indigenous” issue which occurred as a manifestation of primordial issue. This jargon was created to differentiate people, politicians and bureaucrats, who came from the region and from outside the region. However, there was not any distinct and certain definition of local, such as who should be called indigenous, does an indigenous person have to be born and raised in the region, should some one be called indigenous if his ancestors were from the region but was not born in the region, should some one be called indigenous if he/she had lived in the region for a long time but had not been born there, should some one be called indigenous because of their ethnic group, and so on. One thing that is certain is that this jargon was created by local political elite and bureaucrats. The issue affected the decision on who would fill the political and bureaucratic positions in the region.

Rasyid (2002), as the initiator of Law no. 22/1999, also admitted the occurrence of this issue. However, in his opinion, the issue had existed before the implementation of Law no. 22/1999, especially with relation to political positions in the region, such as governor and Regent/Mayor. In his opinion, Law no. 22/1999 should not be to blame for this issue. Moreover, he said that national politicians in Jakarta were the ones that should be responsible, because they did not properly direct their followers in the region. Now, they become political elites in the region, to not sacrifice nation interest, especially nation bond in the region, by promoting primordial behavior and orientation.

In opposition to Rasyid’s opinion, one of the Directorate-General in the Ministry of Home Affairs indicated that the increase of “indigenous” fanaticism has result the mistaken loyalty and the absence of tour of area. This fanaticism has also limited the regional personnel career. At the same time Civil Servant were expected to act as unifier of the Republic of Indonesia Unified Nation is a logic consequence of the implementation of Law No. 22/1999 (Mawardi, 2000).

It is obvious that the Central Government’s “bankruptcy”, economically and politically, has weakened the Central Government’s control over the region. The local bureaucracy and political elite who had been strangled during the new order regime suddenly regained the power to control the region. This was reinforced by the regional

autonomy based on Law No. 22/1999. The revival of these local elite occurred in the political position distribution (elected officials) and also the reached career position (appointed officials). To make this position acquisition work well, the trend was that politicians and bureaucrats elite would collaborate to secure strategic positions in the region. The following example is taken from the conflict that occurred in the Regent's election in the Sampang regency, Madura, which in East Java Province.

The Conflict of Sampang Regent Election

This conflict was started by the Sampang Regent Election in 2000 that chose Fadilah Budiono for the second times as Regent. Fadilah was supported by *PPP*, Group Fraction, *PDIP*, and *TNI/Polri*, while his opponent, Fachrur Rozi was supported by *KKB*. However, unpredictably, the election result then was claimed by many parties, especially those who are anti-Fadilah that the installation was postponed until about one year. Worse, it caused lengthened political dispute in this regency. During that period, it could be said that administration activity was nearly vacuum. Regional Government carried out the administration based on the previous year APBD since the 2001 *RAPBD* was stuck and *DAU* could not be cashed in. There were 20 Regional Regulation Drafts that were left undiscussed. The personal and institutional re-structurization process was also postponed.

The claim from the anti-Fadhilah group was based on the election process that was considered to be illegitimate since there was a member of DPRD who actually had retired but made a vote in the election. As a note, Fadhilah defeated his opponent only in one number, i.e. one vote. It was 23 votes versus 22 votes. The claimant then demanded a re-election because that one determining vote was considered to be illegitimate that both candidates should have same votes.

The conflict, according to Karim, was actually resulted from an old issue that appeared in several aspects as followings: First, the shift on political focus from bureaucratic government to party government has encouraged the rise of conflict of interest between political parties. In general election during the New Order era, the conflict that happened in Sampang to fight for public position was between *Golkar* (which represented government's interest) and *PPP* (which represented Religious Leader's interest). In the 1999 General Election, *Golkar* that used to be *PPP*'s opponent became its partner and the conflict then happened between *PPP* (which was controlled by senior politician) and *PKB*, one of *PPP*'s fragments, which was navigated by young generation. Until today it is difficult to resolve the conflict since both have the same base of people, the *NU* group. *PPP* was determined to support Fadhilah for the Regent for if their were not, the Regent would come from *PKB*, their opponent. Second, the indigenous issue was raised by *PKB* through the nomination of Fachrur Rozi Farouq, the chief of *PKB* who was an indigenous of Sampang, as Regent candidate. On the contrary, *PPP* nominated a non- party figure (Fadhilah was a police veteran) for they considered that it would bring them good.

The conflict that fought for Regent position did not happen between the parties only. The conflict also involved bureaucrats, especially Head of Village that so far was a loyal supporter of *PPP*. When Fadilah installment was postponed by Central Government, they all withdrew from their position as the head of village that then public services in the

village/sub district level were paralyzed. Support to Fadhilah was also given by the executives because they had been advantaged by Fadhilah position as the Regent in the previous period. The support, among others, was shown by their action to refuse to come to *FKB* invitation in *DPRD* to hold a meeting and discussion on several administration duties. According to the executives, they did not come to the meeting because they considered *DPRD* to have been in a vacuum state that it did not have the right to carry out its functions. However, through a scrutinization, it could be seen that the relationship pattern between the executives and Fadhilah's supporters in *DPRD* is actually ambiguous. Officially, they stated their support to the Fadhilah's supporters in *DPRD*. However, at the same time, they were actually disadvantaged by *FPP* decision to make the administration's activity vacuum since some administration reforms, such as position echelon rise which had been Central Government's decision, were delayed. It should be noted that the echelon rise will raise their salary also. It seems that their position that was under the *DPRD* made the administrative interest to be outmatched by political interest.

Source: Karim, 2003, dalam *Jalan Terjal Reformasi Lokal: Dinamika Politik di Indonesia*, Politik Lokal UGM

From the case of the Sampang Regent Election conflict, it is clear that the bureaucracy cannot be detached entirely from political intervention. Primordial bonds that determined to trail the interests of the party that one the general election could not be avoided. In this condition, collaboration between both parties was formed though it was very obvious that the collaboration was not based solely on motional reasons, but more on each own interest. In the above case, the collaboration occurred at the lowest executive level, that of the head of the village, which is indeed founded upon the primordial bonds, especially religious uniformity, which were promoted by a certain party. However, at the upper level of the senior officials, the support that was given to the former Regent was because of their fear for less of their positions within the bureaucracy when a new Regent rules (*status quo*).

So one hand, the executives supported the Regent but on the other they were disadvantaged, because the public administration reform that might have given them benefit was not be implemented. Nonetheless, they were forced to follow political interests instead of administrative interests. This ambiguous attitude was a strategy of the senior executives to grasp any chance they could during the political changes in the region. The collaboration between executives and legislatives in this case was very weak because it was not based on same interests.

Very strong friction occurred among the senior bureaucrats themselves when the Central Government demanded an organizational rearrangement of the Local Government along with the implementation of a new local autonomy policy. The friction occurred because there was rivalry for the positions of new heads of institutions that became open as a result of the institutional arrangement. This kind of thing often happened in the institutions, for example in the institution that manages the region's finances. The central government demanded that these regional financial institutions, such as the Income Agency, the Regional Treasury, and the Financial Division, which were under the City Manager Office, be merged into one institution. However, there were still many regions that kept these institutions, arguing that the merging of those institutions would increase the amount of *KKN*, since the income and expenses were merged into just one institution. This argument is actually not right since, *KKN* occurred not because of mergers of those two different functions, but because of a lack of control. Moreover, if those two functions were separated, it would stall the implementation of the Performance Budgeting System. The separation of the functions was a problem for the coordination, and as a result the composition of the performance based budget was not effective. The motive for this function separation was actually concerned more with an effort to retain the positions of senior bureaucrats as the heads of those institutions. In order to preserve status quo, senior bureaucrats would usually ask for help from *DPRD* members that were responsible for the regional institutional arrangement.

Another example of collaboration occurred in the Giri Regency when the Agricultural, Watering, and Forestry Agencies were going to be merged into one institution. In the discussion of the Regional Regulation Draft on Administration Organization Structure (SOP), the meeting became deadlocked several times. One of the fractions in the Giri *DPRD* persistently argued that the Forestry Agency should not be merged with the Agricultural and Watering Agencies. When the head of the Giri *DPRD* investigated the deadlock, it was found that the former head of the Forestry Agency had lobbied fractions in the *DPRD* so that Forestry Agency could still be an independent institution and not merged with other agencies. According to the head of the *DPRD*, the lobbying was done so that the person could keep his position as the head of the agency.

Eventually, these three agencies were merged, and after the Regent himself performed a selection, the former head of the forestry agency was elected as the new head of the agency, and no significant problems arose.

Collaboration commonly occurs in a region when executives and legislatures make an official agreement to give retirement money to every member of the board, the funds coming from the *APBD*. This has occurred in the Kulon Regency, the Anom Regency, the Prajan Municipality, and the Wetan Regency. The amount of this retirement money is different in every region depending on the agreement. However, it is predicted that each person received tens or even hundreds of millions in a wealthy region, and that it uses tens of billions of the *APBD* budget. Meanwhile, therefore *DPRD* members received various facilities from the Local Government. It was therefore common for a member of the *DPRD* to become rich suddenly. A person, who had previously worked as a parking attendant or small trader with a small income and a rented house could suddenly have his own luxurious house and several cars after becoming a member of the *DPRD*. Surprisingly, though the giving of this retirement money is against the Law, the parties involved did not feel morally responsible. The following is a statement from a head of the financial division of regency in North Sumatra (Dwiyanto, 2003):

A bureaucratic position allowance should only be given to officials who hold structural position in bureaucracy. However, the members of DPRD persistently argued that they were also officials and hold a position. They said that if a head of section in bureaucracy can get the position allowance, why can't we. I think BPK should find out about this infringement, we'll deal with it later".

The budget for the *DPRD* was already arranged in the Government Regulation No. 110/2000 that stated that the number of board member is counted based on a certain percentage of the amount of the *PAD* of each region. However, as a result of these shameful actions, there were almost no regions that followed the regulations, and the amount of the budget exceeded the regulated amount. In a region in the Riau Province for example, the amount of the budget for the *DPRD* reached almost 80% of the total *PAD* of the region. In several other regions, it was found that the budget for the *DPRD* had been equal to the *PAD* or even exceeded it (Dwiyanto, 2003). This also occurred in the Wetan

Regency, where the size of the budget for the *DPRD* reached almost 70% of the *PAD*. From these facts, it is presumed that there were many *DPRD* members that automatically approved the executives' plan to raise the *PAD* by issuing several Regional Regulations on new taxes and retributions in order to raise the *PAD* income. Unfortunately, these Regional Regulations on taxes and retributions often collided with society's economic interests.

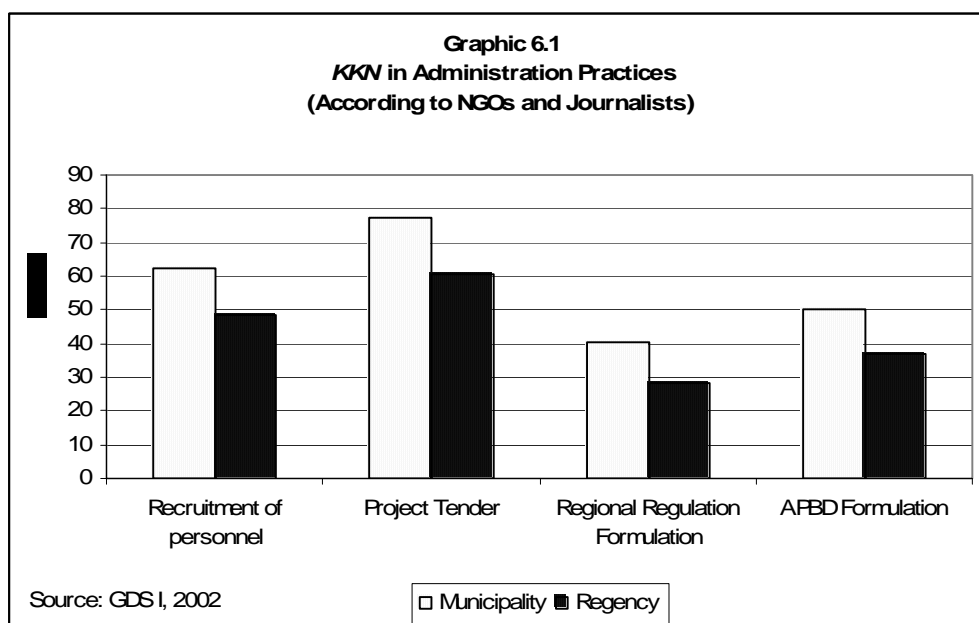
Collaboration also occurred in the formulation of Regional Regulations. As if it was an exchange process, a Regional Regulation proposed by Local Government could instantly be accepted and approved for the Local Government, and its related technical institution would pay an amount of money and provide certain facilities. The following statement was stated by a Local Government official in a regency in Central Java (Dwiyanto, 2003):

"When a Regional Regulation Draft on retribution was proposed to the DPRD, the members of the DPRD asked for amount money, more or less two million Rupiah, and also a dinner in the most expensive restaurant in this city. After their request was granted, the Regional Regulation Draft was approved."

Another type of collusion that often occurred was the determination of tender project winners. Data from the GDS I 2002 shows that the highest amount of *KKN* that occurred in the region, according to NGOs and Journalists, was in the project tenders, followed by personnel recruitment, *APBD* composition, and Regional Regulation composition (See Graphic 6.1). From the data, it was also found that *KKN* in project tenders happened more often in the city than in the regency. It is quite possible that this is related to the large number of projects that were tendered in the municipality facility development. For example, in the Prajan Municipality, there were some projects that were won by members of the *DPRD* and their cronies. This project bidding was unfair, and the court proved that it broke the government project bidding regulations. Then, the court sentenced members of the *DPRD* to jail. The bureaucrats succeed in avoiding the sentence because they had a greater understanding of the bidding process.

A similar case of government project bidding also took place in the Anom Regency. Members of the *DPRD* who owned companies cooperated with decision makers

in the bureaucracy to win the project bidding for politicians in the *DPRD*. They hired their cronies to do the projects. This can decrease the quality of the projects because the project budget has to be shared among the implementers, including members of the *DPRD*.



Note: N of NGO is 600 organization and Journalist 450 persons

KKN in the project tender was carried out by members of the board who personally became the contractors for the project, or sold it to the company that paid the highest price. GDS I 2002 found that the average project corruption of the total value of the project that is picked up from the businessmen varied in every province in Indonesia. The lowest quotation was in the Lampung Province (Outside Java-Bali, in the west of Indonesia), with approximately 1.4%. The highest corruption is in the East Sumatra Province (Outside Java-Bali in west Indonesia), with approximately 11 %. In Java, it was around 4.7% in Jogjakarta Province, 6.5% in Central Java, and 4% in East Java. The corruption was done by both Local Government personnel and members of the *DPRD*. As the result of this high cost economy, the quality of the project could not be guaranteed and there were many projects that had problems and some even stopped. The following is information from a Deputy Regent in a region in West Borneo Province:

“KKN in APBD formulation was often occurred because there were many DPRD members who were involved in the APBD projects implementation. One of the projects was a bridge construction that was worked by the head of DPRD. The Head of DPRD put a pressure on Regency Government to win one of his construction companies, but at the end the bridge project did not finished well.

The question that then arises is why this retirement money case and many others, so that it seems as if they are Local Government's policy. The obvious reason is that the transformation of the administration from a bureaucratic government to party government has not yet been followed by a powerful control system, so that political parties are encouraged to make policy that benefits them. Executives become weak and tend to just accept the politician's will. This was mentioned by a head of a financial division in a region in North Sumatra Province (Dwiyanto, 2003):

“Local Government have no choice, we have to accept DPRD's demand. This is a joint decision of DPRD and the executive”

With many other things, bureaucrats also accept this pseudo-cooperation with politicians because they also get some benefit either material or a good position in the bureaucracy.

Another argument offered is that this retirement fund is a result of a bargain between the DPRD and the Regent/Mayor, so that the Responsibility Report that is given every year could be approved by the DPRD without any problems. According to the Head of the Financial division, 30% of the 2001 APBD routine budget was given to the DPRD, which consisted of 45 members. Compare that number to the number of Civil Servants in the region that reached thousands of people, who received only 70% of the routine budget. This budget was also used for routine daily Local Government activities. The Local Government was forced to approve it because according to related officials, the board would not approve the Regent's Responsibility Report, if the budget was not approved.

Those forms of collaboration are also politics of paying-debt of a Regent/Mayor toward people who had supported him to be Regent/Mayor. This was indicated clearly by the fact that the executives distributed project tenders to political parties. The researcher himself once saw with his own eyes a copy of a letter from a Regent in the Central Java Province that was distributed to the political party management. In the letter, the share of

project value from the 2002 budget that was distributed to each political party was written as billions of *Rupiah* and the amount was based on the number of seats of the party in the *DPRD*. The Regent, who came from a small party, was able to get his position as Regent with the support of the large parties. Since the large parties were not able to nominate their own candidates due to internal conflicts, they found a replacement candidate from one of the small parties. In order to obtain support from the large parties, the Regent had to have a strong bargaining position. This bargaining position was obtained by distributing money from the project to the parties in the *DPRD*.

Collaboration between politicians and bureaucrats, either in the Giri Regency, the Prajan Municipality, the Anom Regency, and the Wetan Regency, did not allow outsiders including civil society, to influence them. There was almost no outside power that could influence the coalition, since they shut the outsiders out. As a result of this closed attitude, conflict with the outsiders would usually arise when policies were implemented. On the contrary, in the Alit Municipality, the coalition parties gave the opportunity to outsiders to participate and give suggestions. The final decision was still held by the members of the coalition. In this region, the coalition gave freedom to the society and NGOs to access certain policies that were being discussed. The input from the outside also became a consideration for the members of the coalition to make policy, but the final decision making was still held by the coalition. This meant that a loose collaboration between politicians and bureaucrats opened up the opportunity for community participation. For this reason the community participation in the Alit Municipality can be categorized as high level.

3. Conflict between Bureaucrats and Politicians:

Besides collaboration, in several regions, there was conflict between the executives and the legislatures. The conflict often occurred, for example, in the installment process of the City Manager of the Regency/Municipality. According to the regulations, the City Manager is a career position and not a political one, and the installment does not have to be approved by the *DPRD*, but only by the Regent/Mayor. However, in the regency in the Bali Province, it was the opposite. In this region, the installment of the City Manager must

be approved by the *DPRD*. The same thing happened in several other regions. The *DPRD* had a hidden agenda to interfere with the career position in the bureaucracy. This position was indeed very strategic considering that it was second to the Regent/Mayor and it was the highest bureaucratic career position in the region. This strategic position encouraged the *DPRD* to try to control the City Manager Position. The assumption was that controlling the City Manager meant controlling the bureaucracy.

Another conflict that haunted a Regent through almost her entire ruling period occurred in the Kulon Regency. On the surface, the conflict appeared to be a conflict of vision between the executive and legislative in the process of formulating the Strategic Planning (*Renstra*). The executives focused on a vision which was oriented towards the economy, while the legislatures insisted on inserting religious elements. This difference in vision resulted in a difference in policies and strategies that were to be implemented. This disagreement happened for about 3 years, during which the Regent's responsibility report that was supposed to be based on the *Renstra* became unclear. In every meeting on the responsibility report, the discussion was always heated with arguments that had no logical reasoning. However, in the end, the *DPRD* approved the *LPJ* with several notes.

Another conflict arose when the legislative assembly proposed a Regional Regulation that on the Liquor trade prohibition⁸⁵. The executive considered that they should not prohibit the liquor trade but only limit the maximum amount of alcohol. However, the legislatures, especially those from religious groups, strongly demanded this prohibition. Their view was that the *PAD* should not be earned from the selling of things that are forbidden by certain religions. In the end, after going through a long process, this Regional Regulation was finally approved by both parties.

Strife also occurred when the executives planned to buy an official car for the Regent and his deputy. In the *DPRD*'s opinion, the budget that was to be used to buy the car, reaching billions of *Rupiah*, was unfair to society, which was still in crisis. The executives on the other hand, considered the vehicle to meet the standards of official vehicles for

⁸⁵ This Regional Regulation on Liquor was the first regional regulation in Indonesia in the regency level that was proposed directly by the *DPRD* instead of the executives as formerly occurred in other regional regulations. This Regional regulation was also considered to be controversial since it prohibited any kind of liquor to be sold to people in Kulon.

Regent/Mayor, and said it was appropriate for the conditions in Kulon condition. The car was eventually bought as planned without any strong opposition from the *DPRD*.

In the daily administration management, there was often also conflict between the *DPRD* and the Local Government. A fierce debate often took place in official meetings that made the executives reluctant and afraid to come. This condition forced the Regent to teach his personnel about dealing with the politicians in the *DPRD*. According to some of the executives, this endless conflict was actually based on the will of several politicians in the *DPRD* to have some extra facilities, which had not been regulated by the prevailing rules, such as retirement money, an allowance rise, and so on. However, the executives persisted that they should follow the prevailing rules adding that the current budget was insufficient. Even the dominant political party often tried to influence the Regent to use the budget for the party's interests⁸⁶. This hidden agenda was then what made the relationship between executives and legislatures tense.

This strained relationship was generally caused by the distrust among both parties as a result of historical factors. The legislatures still considered the bureaucracy as being as it was in the new Order era, a place of corruption, collusion, and nepotism. Moreover, the bureaucracy was identified as being the tool of the party that ruled during the New Order regime, *Golkar*. This party was considered to be most responsible for the multi dimensional crisis that occurred in Indonesia and the bureaucracy, as a part of the party, was still filled with people from the past that were responsible for the crisis. The executives on the other hand, felt that since the reform era, there were many politicians that were incapable and most of them were only political adventurers. Coincidentally, the party that won the General Election and succeeded in defeating *Golkar* was indeed filled with politicians that did not have the sufficient capabilities to consider the administration and development problems, especially at the regional level. Those people were supported by society, but it was widely known that many of them were instant politicians that did not have sufficient education or knowledge on administrative matters. Moreover, their behavior which often considered their own interests as being most important made the

⁸⁶ The Regent was often upset since his party often criticized him as being a Regent that was not able to build an office building for his party. They compared him with the Regents in other regions were able to build an office for their party by using money from the *APBD*.

bureaucracy questions their intentions in becoming a representative. This distrustful behavior towards other increased the tension among them.

Another factor that was suspected to have also caused the tense relationship was the vagueness of the definition of the relationship between the executives and the legislatures in Law No. 22/1999. The following is a statement from a Regent in West Java Province on the issue (Dwiyanto, 2003):

“The purpose of partnership between the Regent and the DPRD was to give a clear parameter, especially regarding the supervision matter in order to avoid overlapping with the existing technical supervision agency. The Regent’s Accountability Report that supposed to be monitoring mechanism, but it was also used for practicing of money politics. DPRD should used the Strategic Planning parameter to evaluate the Regent’s performance, while the realization of target in the APBD was used as an annual parameter. So it should not have been mixed up.”

The vagueness of the institutional relationship between executives and legislatures was also complained about by a Regent in North Sumatra Province. In his opinion, the *DPRD*’s authority in performing a supervisory function was not proportional anymore, since the members of the *DPRD* could employ a head of agency without any acknowledgement or approval from the Regent as his direct superior. The following is his opinion (Dwiyanto, 2003):

Disregarding of anything, members of the DPRD should respect the Regent. It is not because the members of the DPRD have the power to impede the Regent’s Accountability Report, they can do whatever they want to do. This is a DPRD’s arrogance and it might disturb the stability of the administration in the region”.

The stability of the administration in the region referred to was when the *DPRD* refused to approve the Regional Regulation draft on the *APBD* in 2002. The effect of this was that there were many administrative and development activities that were hindered. According to various sources, this was a strategy of the members of the *DPRD* to stall the process, hoping that there would first be a political agreement between the *DPRD* and the Regent, which would certainly involve money. The following is a statement from the Regent (Dwiyanto, 2003):

...You can imagine Sir, from the total of PAD was around 10 billion Rupiah, 4 million was for DPRD's routine budget. They demanded the executive to approve it. They threaten to bring the Regent's Accountability Report up if the executive refused. The discussion on the RAPBD then ran as if it was a price of goods negotiation. The relationship between the executives and the legislatures can not be called as partnership. Why are they allowed to supervise the executive's budget, while we can not supervise the DPRD's budget? When we asked that question, DPRD will answer: There is an agreement between the Regent and us. If this situation is always under way, I prefer that we just use Law N., 5/1974, after fixing some of it flaws."

The former Law No. 5/1974, placed the executives and especially the Regent as the sole rulers, and the *DPRD* was beneath this control. This condition would certainly not be supportive of the development of democracy. Nonetheless, the Regent's response toward the *DPRD*'s behavior showed that the relationship between the executives and legislatures was not conducive under the administrative practice that had not been based on a distinct law that regulated the relationship between the two. In addition, the reform era seemed not to be able to detach the bureaucracy from the historical bond that both elite institutions in the region were forced not to trust each other. In other words, the conflict that occurred during this transformational era was a continuation of the conflict that existed under the New Order Regime. During that time, the conflict could be subdued by an ironfisted political and economic system under Soeharto. Therefore, the conflict that happened after that era was open conflict that was filled with vengeance among the elite. During the former regime period they had had to surrender their political and economic to those who during that period received facilities and power from their patrons.

4. The influence of collaboration and conflict on the reform success

The question that then arose was whether the collaboration and conflict helped the public administration reform or affected the quality of the public administration reform. A reliable conclusion that can be inferred is that there is not any proof that shows that collaboration with the *DPRD* makes the reform process easier. The reform performance actually becomes more negative, this being marked by various form of defiance of authority. In addition to the collaboration process that made the public administration

reform negative, the conflict that occurred between the parties worsened the conditions and made the public administration reform move in a vague direction.

A form of collaboration that often occurred was in the financial sector. The budget allocation in the *APBD* could be changed for personal or group interests. This was done by allocating funds officially for the *DPRD*'s interest disregarding any prevailing rules. Examples of this are adding facilities for the members of the *DPRD* and his family, giving retirement money that exceeded the budget capacity and ignoring the needs of society making more comparative studies to other regions and even abroad without any clear purpose and so on. One way used to avoid criticism from outsiders was to conceal the *DPRD*'s budget in several institutions that belonged to the Local Government. This was usually done by inserting the budget into the performance based budget of each government institution. For example, working visits and comparative studies were inserted into a local government institution.

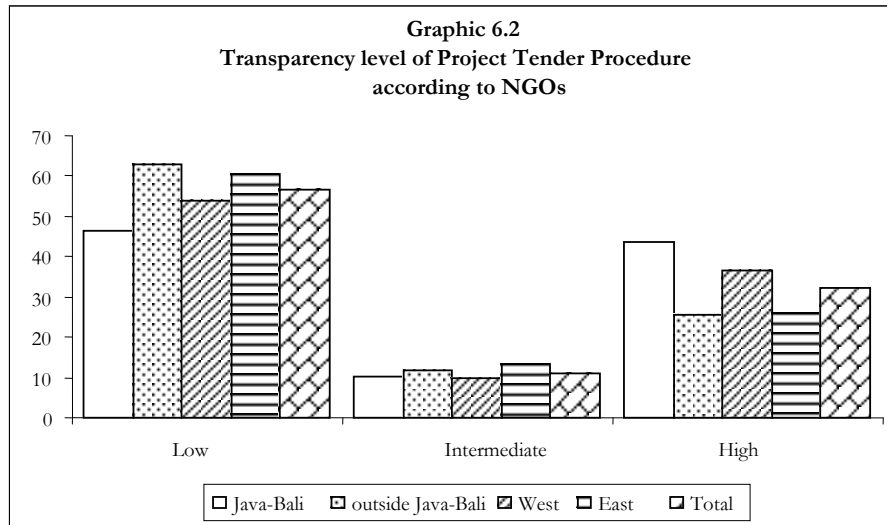
The Local Government institution that was inserted with the budget could usually not refuse, since politically they were under the *DPRD* and they had to accept any decisions even though they were in contradiction to the regulations. Nonetheless, it is believed that institutional acceptance was a part of the strategy to make their project proposals is approved by the *DPRD* without any problems. In other words, bureaucracy actually used the *DPRD*'s power to approve project proposals by providing them with space to conceal their budgets in the Local Government institution budget. This was a part of a budget political trick which was carried out so smoothly that the *DPRD* members were not aware of it. Moreover, this was actually a political trap since if it was taken to court, those prosecuted would be those that approved the budget, the *DPRD*, and not the planners. This was because the planners never put the budget in their plan proposal. This was proven by several cases exposed in which the members of the *DPRD* were always accused as being the main actors since they were considered to be the most responsible party in the budget allocation.

This *DPRD* budget insertion, for the Local Government institution, was obviously considered to have ruined the performance based budget plan which had been made for one fiscal year. Thus, the institution would find any argument to excuse the insertion of

the *DPRD*'s budget. This condition would ruin the vision and the mission of the institution. This sizeable political intervention from the *DPRD* members was one of the reasons why the performance based budget model could never be implemented effectively in government institutions. In other words, the budget problems were not only administrative problems, but also political.

The other problem, retirement money, also reflected the hefty authority that the legislators had over the executors. Even though the giving of this kind of money was in contradiction with the regulations, many Local Governments were unable to refuse. The main reason for this was that the Local Government did not have the ability to, or did not want to, be under pressure from the *DPRD*, because the *DPRD* still approved the Regent's responsibility report. This responsibility report was often used by the *DPRD* as a weapon to pressure the executives to accept their policies and their interests. This budget allocation also ruined the Strategic Plan and the General Policy Direction (*AKU*) that was going to be translated into the *APBD*. The amount of money for the retirement fund, which was not small forced the executives to recalculate the budget by reducing the funding of other programs (including the budget for public interest) in order to cover the retirement fund expenses. A budget that had been composed with excellent planning could fall apart with political intervention. This obviously ruined the effort to have an accountability budget. Moreover, the performance based budget could not be implemented.

Project distribution to the members of the *DPRD*, either personally or through their party, was another strategy of the executives to have their policies approved by the *DPRD*. This case also shows the lack of transparency in the policy making process. The following Graphic 6.2 shows the level of transparency in the project tender procedures according to NGO:



Note: N of NGO is 600 organization

Source: GDS I data, 2002

This graphic shows that there are more NGOs that consider the project tender procedure so far not to be transparent. Comparing the results in Java-Bali with the results from outside Java-Bali, it is found that in Java-Bali the level of transparency is higher than outside Java-Bali. Such is the case in West Indonesia and East Indonesia; it is found that in East Indonesia the level of transparency is lower. An explanation for this is the critical attitude of society towards the policies made by the Local Government. Both regions, Java-Bali and West Indonesia, are regions which historically have a higher social-economic level. This is the main reason why they had the courage to criticize the government. There were so many businessmen in these regions that applied for the project tender, that the fierce competition impeded the Local Government and the *DPRD* in deception in the tender process. This courageous attitude in giving criticism at the least made the Local Government and the *DPRD* think twice before committing any infringements, including in the project tender procedure. Nonetheless, this project tender that is not transparent had detained the effort to create a good governance.

An interesting collaboration occurred when a group of senior bureaucrats tried to keep their positions in the midst of institutional rearrangement by personally lobbying a number of the board members. In the early period of the autonomy implementation, the

lobbying was done not only by the personnel of the Local Government, but also by personnel from the vertical institutions that were about to be merged with the Local Government. Many regions, especially outside Java-Bali, failed to reduce a number of institutions that it did not comply with the region's needs. This was presumably caused by the inability of the executives and legislatures to control the personal interests of the elite bureaucrats or politicians who were interested in a place in the bureaucratic structure. For some reason, the Regent/Mayor purposely allowed this kind of thing to happen because he was hoping to gain support from the bureaucracy, especially the senior officials that up to that time had build a strong management network in the Regional Administration. In addition, the *DPRD* members were also hoping to earn some political rewards from the bureaucrats that they supported. The control was easier when there were many bureaucrats that politically owed the board members. This eventually damaged the institutional order in the region because it became ineffective and inefficient. The purpose of an institution that was less structured and more functional made was getting indistinct.

In several regions, the Regent/Mayor made a positive attempt to counter the senior bureaucrat's actions, such as by introducing young competent bureaucrats to be placed in structural positions in the bureaucracy. Many of these young bureaucrats were administratively unqualified to meet the employment rank requirements, and the Regent/Mayor gave them an instant raise in rank in order to meet the requirements. This move caused vertical conflict between senior bureaucrats and young bureaucrats. In some cases, where young bureaucrats were acknowledged and protected directly by the Regent/Mayor, senior bureaucrats could not put any significant pressure on them. Unfortunately, the conflict between had a negative effect, proven by the occurrence of many factions in the bureaucracy. These factions had a negative impact on the working coordination issue between institutions. Usually, when the Regent/Mayor was protecting young bureaucrats, senior bureaucrats would look for protection from politicians in the *DPRD*. If the Regent/Mayor could manage this conflict, pressure from the senior bureaucrats would not have any importance. As a matter of fact, they could use the conflict to motivate the personnel, both senior and junior bureaucrats, to have achieved better results. Therefore, the influence of internal conflict in the bureaucracy towards

public administration reform would highly depend on the ability of the Regent/Mayor to manage the conflict. Only a Regent/Mayor with a strong vision and good managerial skills could survive this test. On the other hand, a weak Regent/Mayor would become a target for the senior bureaucrats and politicians in the *DPRD*.

As mentioned above, if the collaboration between the bureaucracy and the *DPRD* results in a feeble public administration reform process, conflict between the two would weaken the reform process. An identification of various forms of conflict found that conflict originates from dissatisfaction with regards to the resource allocation that is considered by the executive or legislatures to be insufficient. On the surface, the conflict appears as a result of various things, such as a difference in Vision, disapproval of the Regional Regulation draft concept, a deadlock in the Responsibility Report discussion, and daily administrative issues which were actually outside the legislature's jurisdiction.

In the context of the Indonesian bureaucracy and political history, resource allocation issues have always been a main issue because of distrust among the bureaucracy and the politicians. The New Order Regime used a bureaucratic government system that placed the bureaucracy above the political party. This position caused the bureaucracy to have full authority over the resource distribution. This authority was often used wrongfully for the interests of the person or group. The political party that was supposed to have a controlling role, *Golkar*, was actually one of the actors that were involved in the growth of many kinds of infringements. Meanwhile, other political parties were not able to carry out their function as a representative of their constituents. The successive power of the bureaucracy and *Golkar* was increased with the support of the military in the economic and political system at that time. Various arbitrary ways of using this power increased the hatred that was deeply felt by the political elite that were excluded, including groups of people that were economically and politically ruled out. They nurtured their distrust towards anyone that had any relation to the New Order regime. This was proven when the 1998 Reform took place. The distrust was expressed in many forms, from violence to sophisticated ways of expression. Under these conditions, it is understandable that after the reform, many politicians could not still trust the bureaucrats considered as being corrupt. On the other hand, the bureaucrats consider that politicians who appeared

after the reform as being instant politicians that did not have an adequate Human Resource abilities.

5. Comparison cases among the six districts

Based on the kind of collaborations explained above and their influence on local public administration reform, it can be concluded that those five regions had different variations, which can be grouped into two different models, the Tight Collaboration and the Loose Collaboration model (see Table 6.5). Tight Collaboration is when those who form a coalition do not allow outsiders, including civil society, to influence them. This model is similar to the Village Life Model by B. Guy Peters. The Regions that have Tight Collaboration are the Giri Regency, the Prajan Municipality, the Anom Regency, and the Wetan Regency. There was almost no outside power that could influence the coalition since they shut outsiders out. As a result of this closed attitude, conflict with outsiders would usually arise when policy was implemented. Meanwhile, the model that is similar to the Functional Village Life is the Loose Collaboration, in which the parties that form a coalition give the opportunity to outsiders to participate by making suggestions, although the final decision is still made by the members of the coalition—an example of this is found in the Alit Municipality. In the Alit Municipality, bureaucrats and politicians gave freedom to society and NGOs to access certain policies that were being discussed, but the decision making was still carried out by the coalition.

In correlation with the performance of the local public administration reform, there were two regions where the politicians and bureaucrats had in Tight Collaboration but still had successful local public administration reform. Those two regions were the Giri Regency and the Prajan Municipality. In two other regions, the Anom Regency and the Wetan Regency, there was tight Collaboration but the local public administration reform did not result in the expected outcome (failed). One region that showed Loose Collaboration characteristics, the Alit Municipality, was indeed successful in performing local public administration reform.

Beside collaborative responses, the research also found other responses of the bureaucrats and politicians to reform. That response that shows conflict between

bureaucrats and politicians is primarily budget allocation. There is an interesting phenomenon experienced in the Kulon Regency. In the region, the level of conflict between the politicians and the bureaucrats is high, but the reform did not completely fail (rather successful). From this fact, it can be inferred that the response of the bureaucrats and the politicians, whether characterized by Tight Collaboration, Loose Collaboration, or Conflict, does not have a direct influence on the success of local public administration reform. Nonetheless, as with other variables, it is presumable that this variable affects the success of a local public administration reform.

Table 6.5: Correlation between Responses of Politicians-Bureaucrats and Public Administration Reform performance

Districts	Response of Politicians-Bureaucrats (collaboration or conflict)	Public Administration Reform performance
Giri Regency	Tight Collaboration	Successful
Prajan Municipality	Tight Collaboration	Successful
Kulon Regency	Conflict	Partially successful
Anom Regency	Tight Collaboration	Failed
Alit Municipality	Loose Collaboration	Successful
Wetan Regency	Tight Collaboration	Failed

Source: primary data

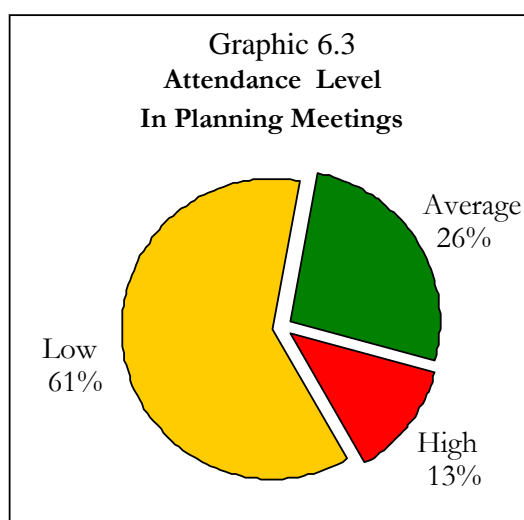
C. CIVIL SOCIETY DYNAMICS IN RESPONDING TO PUBLIC ADMINISTRATION REFORM

This writing does not mean to dispute the concept of civil society. The use of the term in this context is to exemplify the existence of other groups outside the state, i.e. common society (households), NGOs, and journalists that have their own commitments to local public administration reform. These three elements are chosen and their response toward the success of the reform is studied, for these three groups are the consumers of the goods and services provided by the state, and they have the potential to influence the state's policies. In the context of institutional governance, they are one of the backbones that support the creation of good or bad governance. The following analysis will investigate how each civil society actor responds to the public administration reform process to create

good governance. The response meant is especially related to position improvement (in dealing with the state) and role enhancement issues, i.e. policy making access and planning.

1. Community

Data from the GDS I 2002 (see Graphic 6.3) reveals that the community is not adequately involved in the societal activity planning⁸⁷. This tendency can be seen, for example, in the fact that the level of individual presence in societal activity planning is low. In regions outside Java and Bali, the level of societal presence in activity planning meetings is relatively lower than in the regions of Java and Bali. The level is also relatively lower in regencies than in municipalities (Dwiyanto, 2003).



Note: N of community is 9.000 households

Source: GDS I, 2002

However, those that attended the meetings showed a sufficiently high level of activity. 42.3 percent of them admitted that they often put forward their suggestion, 24.6 percent

⁸⁷ Specifically, 5 kinds of social activities that were looked at in the 2002 GDS I include making or improving physical transportation infrastructure (road), health (including *posyandu*, and others), water management (both for farming irrigation and sanitary water provision), environmental security (such as Neighborhood security systems (*Siskamling*), neighborhood watch, and others), and sanitation.

said that they always proposed their ideas in the meetings, and only 16 percent said that they never proposes any suggestions.

The data from GDS I 2002 revealed that health field gained sufficiently high concern from society (93.9%) while water management gained the lowest concern (39.8%). Supporting the data from GDS I, data from IRDA 4 in the Kulon Regency shows relevant results, as show by the following quote:

Community's participation in determine Mother and Children Health (*KIA*) services in the Public Health Centre (*puskesmas*) is very low. It means that every policy always come from the local health agency. Meanwhile, the participation of community is quite significant in determination of program in *Posyandu*. It means that community determines every activity, especially time and cost services in *Posyandu*. In Tembo *Posyandu*, Kulon District, the cost is decided by a communal agreement, the cost is Rp. 300. Every baby or toddler will be provided with supplementary food, such as soya bean, papaya, or banana. Moreover, every RT (neighborhood) in the neighborhood is obligated to donate Rp. 1500-2000 to the *Posyandu* according to communal agreement. Each *Posyandu* personnel also give Rp. 1000 donation for the operational fund of the *Posyandu*. (Source: IRDA 4 Kulon Regency Research Report, 2003)

In other fields, access of community to the decision making is very limited, as seen in the case of the rise in the fee for identity documents (identification card and birth certificate) which was determined by the Local Government with the *DPRD* in Kulon Regency.

The community position was weak when the *DPRD* itself decided the amount of retribution income of resident registration in order to raise *PAD* in *APBD*. There was almost no criticism expressed when the *DPRD* determined that the target for the total income from this sector is Rp. 1.25 billion, which consisted of Rp. 350 million from the Birth Certificate, Rp. 850 million from identification card, and Rp. 75 million from the family card. People did not express any criticism since they did not have adequate information about the target. The target was a result from a bargaining between the *DPRD* and *KKCS*. This decision may produce bad effect due to Local Government will seek only to achieve the target than to serve the society.

Source: IRDA 4 Kulon Regency Research Report, 2003

Even though there was a tendency for public participation to increase in certain fields, the GDS I 2002 generally inferred that the individual participation level of the

Indonesian people was still low. The participation composite index⁸⁸ shows that only 3.4 percent of the households can be categorized as having a high participation level, and only 5.2 percent as having an “average” participation level. Meanwhile, 91.4 percent of the respondents belong to the categories that have a low participation level. As has been assumed, the characteristics of the households that have a low level of involvement in the decision making have a lower income level, living mostly outside Java-Bali, have a relatively lower education level, and are predominantly female (Dwiyanto, 2003). These characteristics are general features of society in many developing countries which have little access to development planning and products.

The writer himself, when involved in the Citizens’ Charter (CC) project management to improve the public service quality in three regencies/municipalities in Java, experienced difficulty in encouraging the society to be actively involved in the movement. In the process of introducing the consumer-based service model, inviting the society to be a part of the team, and encouraging society to be actively involved in the team discussions, it was obvious that society still lived in the past and was afraid to act critically, and tended to accept any policy made by the government. It was lucky that the team consisted of many actors from civil society, such as NGOs and Journalists that were able to balance the involvement of bureaucrats and politicians. Nonetheless, this did not happen in the CC Project in the Alit Municipality. There, it was the involvement of common people and not the NGOs and journalist that was the generator for public service

⁸⁸ The participation level is considered to be ‘high’ when respondents answer: (1) they ‘more often come than not’ or ‘always come’ about their attendance in planning programs/activities; (2) they ‘more often propose suggestions than not’ or ‘always propose suggestions’ in the program/activity planning meetings; (3) answer ‘yes’ to the question about their involvement in decision making; (4) answer ‘yes’ to the question of whether they also donated to the program/activity or not; (5) answer ‘it is an obligation to contribute’ or ‘it is their intention to contribute’ to the question about their reason to donate to the programs/activities. The participation level is defined as ‘average’ when the respondents answer that: (1) idem; (2) ‘more often say nothing’ in the program/activity planning meeting; (3) ‘yes’ or ‘no’ on the question about their involvement in the program/activity planning meeting; (4) answer ‘yes’ or ‘no’ to the question about whether they also donate to the program/activity or not; (5) answer ‘it is an obligation since it is the meetings decision’ or ‘they are forced to since no one else gives’ to the question about their reasons to donate to the program/activity. Last, the participation level is defined as being ‘low’ when the respondents answer: (1) ‘never’ to the question about their attendance in planning programs/activities; (2) answer ‘never’ to the question about their activities in the program/activity planning meetings; (3) answer ‘no’ to the question about their involvement in the decision making process; (4) answer ‘no’ to the question whether they also donate to the programs/activities or not; (5) answer ‘they are forced to since it has been determined by the government’ to the question about their reason to donate to the program/activity. (Dwiyanto, 2003).

improvement. The reason for this was that the mayor had the ability to provide many opportunities for society to participate, and there was not any distance between the government and society.

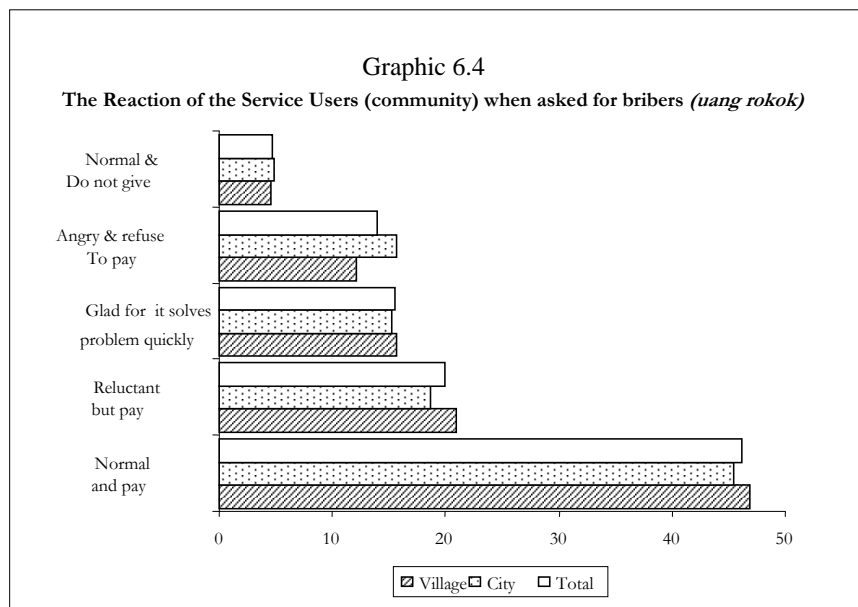
Even though society showed a passive attitude in the planning process, this does not mean that they did not care about their environment. Much data shows that society is the biggest donator in every government project. Society's donation in the Giri Regency in 2004, for example, reached 100 billion Rupiah, while the local government only provided 12 billion Rupiah to build physical infrastructure such as roads and bridges (*source: Giri Regency website, 2004*). In other regions, the ratio of society's donations and the fund from the local government in physical development ranges is 60:40 to 80:20.

The size of community's donations on one hand shows a positive image of community's concern towards development in their region. However, on the other hand, it shows a negative image of the government policy that does not differ much from the previous administration. The increase in society's self-supporting abilities cannot always be understood as an increase in society's participation if the process does not involve society's sincerity. There is a tendency that when the government's funds for public interest are running low, funds are then gathered from society itself. To sustain the funds, the local government provides stimulant/assistant fund, but the amount is often insignificant compared to the amount of funds needed for the project. The question is whether the Local Government really lacks the money. If we compare the amount of funding used for legislative and executive interests, the amount of funds used for the public interest was far less. This deficiency is then covered by society. With these conditions, society has an unwillingness to fulfill the needs of the project. In other words, the participation element in the project vanishes since it happens on the contrary, as a mobilization of society's funds and force. This was not far different from the development planning model that carried out by the New Order in which society is positioned as the object of development through the mobilization of their resources. Compared to recent conditions, it is different in that now there is such a strong control of society over fund inclusion in the development that there is reduced the opportunity for

the misuse of funds to occur. An example of this occurred in the Kulon Regency when the Local Government gave stimulant funds to society to restore a damaged elementary school building. Funds misuse was avoided since the restoration project was done directly by society without the involvement any of building contractors. The results proved to be effective because in only one year hundreds of damaged elementary school buildings were restored and able to be used again for teaching and learning.

Another unfortunate fact is that there are people who give bribes (*uang rokok*) to the service personnel when asked (see Graphic 6.4). GDS I 2002 data found that about 48% of the respondents from society considered the bribery to be a normal thing, and said that they would give it when asked by the services personnel. Sometimes, people still paid the bribes that the personnel asked even though they were actually unwilling (20%). Meanwhile, there 18% of the respondents said that they are “glad because it solves their problems”. Only 15% strictly refused to pay the bribes. The last group was the people who said that bribery was a normal thing, but they refused to pay (5%).

This case shows that society is unable to do anything about the defiance committed by the public service bureaucracy. They are helpless in the face of the red tape and the pressure from the personnel who use complicated procedures to for their own gain. This hopeless attitude can be seen in society saying that defiance is a normal thing since the system has been run and accepted as a part of the services process for years. If this condition is allowed, injustice in the public service will occur since those that have money will get better and faster service than those who do not have enough money.



Note: N of community is 9000 households

Source: GDS 2002

Though in general the participation levels of society in the planning process is still low, society's political orientation in many political events in this country is high. GDS I 2002 found that society's attention towards political processes at the national level, as has been predicted, is much higher than the attention given to the same process at the provincial or regency/municipality level. Data shows that most of society (85.9%) gave their attention to the president/vice-president election process, while only 40.2% and 56% respectively gave their attention to the election of the governor and the regent/mayor. The difference in responding to these political occurrences is, among other things, caused by the difference in mass media exposure on the political issues, especially the electronic and printed media. The tendency is that electronic media becomes the dominant media source for the political process at the national level (presidential and vice presidential elections). Meanwhile, electronic and printed media play an important role as the information source for the political process at the provincial level (governor election) On the other hand, mass media exposure that becomes the information source for the political process at the regency or municipality level (regent/mayor election) tends to be low. Mass media

exposure for the political process at the village level (BPD members or village head elections) is very low (below 1 percent on average, for both electronic and printed media)

There are many events that occurred at the Local government level that were unnoticed by society. Meanwhile, events that occur at a national level always get people's attention. As a result, public administration reform in a region often goes unnoticed by the lowest level of society. This condition is very dangerous since a certain group of people could manipulate political events at a local level for their own interests, using common people as their shield. There are many political and bureaucratic elite in the region, sometimes even in NGOs, which use society's ignorance to attack other groups that are hated or considered to be a threat to their interests. There are many protests in the name of society that do not express any clear mission, and only condemn other groups that are considered to be guilty.

2. Non-Government Organizations (NGO)

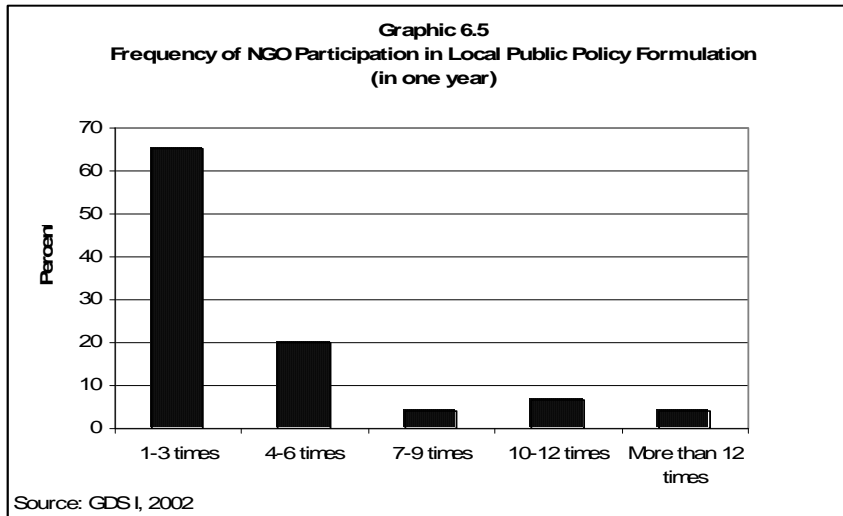
NGOs exist in the democratic context as a balance of power for the state power elements that are monopolized by the executives and legislatures. In the public services, the NGO's aim is to cover the weaknesses of the government and private institutions in providing public services. Therefore, it is important to study the NGO's position and role in relation to the state's authority and services, especially after the 1998 reform provided much opportunity for society to establish NGOs.

There are differences in the form of the NGO and the response towards the governance process. GDS I 2002 found that NGOs concerned with advocating activities, such as legal assistance, government program evaluation and supervision, regional regulation implementation evaluation, and development project implementation monitoring, tended to be more concerned with bad governance practice. Data shows that advocating-type NGOs often exposed their findings in the mass media when they found out about unprocessed legal cases (50%), and about indistinct APBD composition and unpublished audit results (57%). On the contrary, NGOs that often worked on

organizational networking were the NGOs what seldom exposed their findings to the mass media.

NGOs that worked on advocating areas commonly consisted of activists that were critical of the government's policies. They consisted of academics and university students, politicians, religious leaders and society, artists, journalists, and groups that positioned themselves as opponents during the New Order. When the opportunity to express their opinions and establish organizations was given after the 1998 Reform, they established NGOs that worked at the national and local level. It was often the case that they started at local level and then increased to a national level.

GDS I 2002 data shows that 43.9% of NGOs are never involved in any way in public policy formulation. Among those who admit that they have been involved in public policy formulation in the region, most of them were only involved one to three times a year (see Graphic 6.5). This fact shows that NGOs only played a minimal role in the determination of public policy composed by the local government and the *DPRD*. Considering the large number of public policies issued every year in the region, the involvement of most NGOs (only 1-3 times a year) was far from sufficient. The fact that there were many regional regulations that did not conform to society's aspirations can be considered as an indication of the lack of society's involvement (including NGOs) in the formulation of those regulations (Dwiyanto, 2003).



Note: N of NGO is 600 organizations

The minor role of the NGOs and the fact that only those that work in the advocating field were critical of government policy should be understood in the context of NGOs after the 1998 reform was carried out. Just like fungi that spread in the wet season, many NGOs were established after the reform. Data from the Statistic Center Agency (BPS) shows that in 1996 the number of NGOs was 10,000 and increased to 70,000 in 2000 (Kompas, 17 April, 2004). The motivation for this was varied, from seeking a job to sincere idealism. Some people classify them into government and business NGOs. Government NGOs referred to NGOs that cooperated with the government or become tools of the government, while business NGOs referred to NGOs who were filled with people only looking for a job. The result of this condition was that many local governments distrusted them, as most NGOs had negative attitudes, and did things such as force the local government to give some of the development projects to them. In addition, the critical attitudes of the people from the idealist NGOs made the local government dislike them even more. Thus, both grew to distrust each other, suspecting one another. The government considered NGOs as only wanting to gain profit for themselves in the name of society as well as only trying to find the government's mistakes. The following is an example of a case that occurred in a city in the Central Java Province:

In a city in Central Java, there is an NGO that carry out law enforcement monitoring. However this NGO also commit KKN and sometimes send blackmails. If an official is willing to cooperate with this NGO, his/her case would not be published in media mass, but if he/she refuses to cooperate, he/she would be brought to the court (Dwiyanto, 2003)

On the other hand, many NGOs do not trust the government because they consider the current government to be the same as the previous one, full of KKN. This distrust in the end weakened the NGO's position to the government⁸⁹. It is therefore not surprising that there are only a few NGOs who play their roles in public policy composition, especially in the regions.

The following opinion from a NGO leader in the province of NTB supports the fact that there is a gap in the relationship between the NGOs and the government:

“The relationship between NGO and the government today is still almost similar with in the past. The relationship is not very close but not very far separated. There are some NGOs, which try to cooperate in many projects with the local government. There are negative and positive sides in this cooperation. Sometimes, there are NGOs that are willing to cooperate with the government and then commit corruption, especially NGOs from outside NTB province were so aggressive to have the government project. There is another thing that is more interesting lately. In many government meetings, NGO is always invited to come. Unfortunately, only a few opinions from NGO were adopted. Basically, the current local government has not yet changed very much. Therefore, NGOs should keep their distance from the government. NGO must stay critical toward the government's actions due to DPRD has not shown as a political representation of community. Many members of DPRD still commit money politics”. (Source: Dahlan, in Wawasan tentang LSM Indonesia: sejarah, perkembangan dan prospeknya, proceeding seminar, 2000)

⁸⁹ Bob S. Hadiwinata (2003) notes that during the 1990s, the relationship between the government and NGOs worsened. The main accusation was that NGOs were against the state's ideology and national interest. However, the main factor that worsened the relationship was actually the occurrence of a new generation of radical-oriented NGOs that opposed many government policies. NGOs were accused of politicking and organizing poor society. Open confrontation between the government and NGOs that was exposed to public was known as the “Brussel incident” in 1989, where President Soeharto was insulted in his visit to Brussels, Belgium, and which resulted in the chasing down and arrest of NGO activists. The peak of the regime's fury was in April 1992 when Soeharto closed IGGI. However, NGOs also changed, from only helping poor people in the short term to demanding changes in norms, values, structure, and institutions that created the injustice and oppression. Since that point, NGOs increased their resistance towards Soeharto's regime by emphasizing their activities on popular collective action that related to grassroots groups and organization (Kompas, 17 April 2004).

There are many Local Governments that officially invite NGOs to every discussion related to public interest. Some invite NGOs using a tight selection process, and only invite NGOs who are considered to be able to cooperate with the government. However, some of the Local Governments allowed anyone, including radical NGOs, to come to the meetings. Unfortunately, as stated by Dahlan above, very few or none of the thoughts and opinions of the NGOs were used as input in the decision making. How could this be? It is presumed that the invitation to the NGOs was a strategy of the Local Government to show that the meeting was democratically legitimate, since it was attended by elements of civil society. This democratic formality is a phenomenon where enormous political pressure was put upon the state to acknowledge the existence of NGOs in the governance system. This was not accompanied by a readiness of the government with its institutional instruments and personnel to acknowledge the existence of NGOs.

It is said that only the advocating-type NGO was critical toward government's policy. The experience of the writer in managing the CC project in the Semarang Regency sustains this conclusion. When the CC project was being carried out, the DPRD and the executives were still discussing the plan to raise the fee for making ID cards from 1,500 to 10,000 Rupiah. The raise was to cover the rise in the price of paper and printing, which rose sharply after the economic crisis in Indonesia in 1997. The NGO's that were members of the CC team did not agree with the price rise, quoting the Law on the Citizenship which states that any product issued by the state to indicate the identity of its citizens must be financed by the state and not by the citizens. The Local Government in one of the districts that became a pilot project for the CC project insisted that they would follow the rules if 'raise' plan was issued in the form of a Regional Regulation. Both sides argued their own reasons why they refused or accepted this raise. A good thing was that after both parties discussed this problem they agreed to accept the objections proposed of each party. Thus, in the end, there was bargaining as to the amount of the raise in the ID card fee, and it was accepted by both parties.

3. Journalists

The 1998 Reform had a great amount of influence on the freedom for the press. In the new order era, freedom for the press was a luxury prohibited by the government. However, the reform era guaranteed freedom of press. This is indicated by the increase in the amount of printed and electronic mass media both at the national and local level. This condition was supposed to have a positive affect by encouraging the creation of qualified public administration performance in accordance with the control function, especially in terms of information that related to the public interest, such as education, health, and poverty.

The GDS I 2002 data shows that the majority of the press answered that news on the issue of poverty was plentiful (32%) and was considered to be sufficient (54%). The majority also stated that the news on education was sufficient (53%). The news on health was also considered to be sufficient (45%). From this data, it can be inferred that from the press' view these three issues are adequately covered.

Nonetheless, considering the percentage of the press (30% on average) that admit that the press coverage on these three issues is still lacking or insufficient, it can be assumed that problems in education, health, and poverty have not been thoroughly exposed. Regarding the main function of the press as an institution that forms public opinion, which affects public policies that are going to be made, incomplete press coverage on the three above issues would also affect significantly the responsiveness of the local government, particularly capturing and managing issues that are important to the public for the interest of the composition of the policies that are about to be implemented (Dwiyanto, 2003).

Different from the three issues mentioned above, news on defiance of authority committed by government officials and the *DPRD* received wide coverage from the local mass media. An example of news that received wide coverage in the mass media was the *KKN* in government programs and projects. With intensive research, it was found that there was not any local mass media in Indonesia that did not cover the *KKN* in its region.

There were almost no *KKN* issues that escaped from the mass media coverage, whether it happened in the government institution and the *DPRD* or if it was related to the misuse of public funds allocated for implementation in development programs and projects.

Interesting news that is always covered by the press is anything that is related to conflict, whether between groups in society (horizontal conflict) or between society and the government and the *DPRD*. Horizontal conflict that often occurs is conflict between ethnic groups and between political party supporters. Meanwhile, vertical conflict that is often covered by the press is land ownership conflict between the government or private groups and society. In the early period of reform, this kind of conflict often occurred in the region and resulted in physical violence. Labor conflict also increased after the reform with an increase in the awareness of laborers of their rights at work. In some cases, the mass media was able to play its role as an intermediary by encouraging the parties that were in conflict to step forward into negotiations or to bring the case to court. This happened in many labor dismissal cases. However, in other cases, the mass media coverage of the conflict worsened the situation as one of the parties in the conflict would consider the news as being subjective and felt it came from only one source without any cross-checking with other sources. The tendency for the mass media to back the weak and oppressed party often became an obstacle for the settlement of cases through negotiation.

The two kinds of news just mentioned, *KKN* and conflict issues, which were often covered boldly by the mass media are a gift from the reform process that provides freedom of expression and the freedom to have an opinion. If this is true, the press freedom must have been used by the mass media to perform their function of social control and as a creator of public opinion. However, considering the amount of mass media that was published after the reform and the poor quality of this media, it was doubtful that mass media could perform their function well. Both issues are extremely attractive to expose for they have a great selling point. From these facts, it is predicted that some of mass media reporting that occurred during the reform era was a reflection of a capitalist way of thinking. This was because the emphasis was on how to gain a profit without considering the quality and its effect on the public.

After the implementation of local autonomy, news that was also appealing for the mass media was that related to the Regional Regulation composition carried out in many regions. The coverage focused especially on the problematic Regional Regulations, for it was considered to be a disadvantage to public interest, especially in the business world. In East Java Province, for example, several forms of local media spotlighted some problematic Regional Regulations, for instance Regional Regulation No/2001 on Road Usage Retribution in the Jombang Regency, Regional Regulation No. 24/2000 on the examination of meat from other regions in the Wetan Regency, Regional Regulation No. 81/2001 on Livestock Retribution in the Pasuruan Regency, Regional Regulation No. 6/2001 on the City Entrance Permit Retribution in the Jombang Regency, and several other Regional Regulations. Through the coverage, the mass media acted as a public opinion creator and also pressure on the Local Government and *DPRD*'s policies which were considered to be disadvantaging for the public.

Press coverage that was sometimes very critical toward the government often caused fear for the bureaucratic officials and politicians in the *DPRD*. Many of them felt humiliated by the news. The result was that there was a hostile attitude among the officials and politicians towards the press. The officials and politicians accused the press of only trying to find mistakes or exaggerate news and was therefore not objective. On the other hand, the mass media very seldom or never covered the success achieved by the Local Government. In response, several Local Governments applied a "one source" policy for the output of information, as happened in regency in the East Java Province. With this policy, the output of information was controlled only by an authorized official, the Public Relation Division (Dwiyanto, 2003). This resulted in the mass media finding it difficult to get actual news since the information received had already been sorted.

Another strategy used by the Local Government to lessen the critical attitude of the reporters was lobbying. The following example of a case that occurred in Central Java Province is an example of how the Local Government was very troubled by the mass media coverage of their illegal actions:

Political pressure accepted by the Media

Press in the region has not been able to effectively run their social control. Sometimes, Local Government themselves implicitly intimidated the reporter. They came to the reporter's office and asked to have "dialog" which basically meant that they asked the press not to write negative news about Local Government. This happened in Tegal Regency, Middle Java.

Source: Dwiyanto, 2003, *Teladan dan Pantangan dalam Penyelenggaraan Pemerintahan dan Otonomi Daerah*

Implicit bribery was also often done by the Regional Government the reporters that were assigned to cover the Local Government's activities. They did this by giving a Religious Celebration Day Allowance (*THR*) to the reporters though legally it was only for the bureaucrats. The *THR* for the reporters was usually officially allocated by the Local Government in the *APBD*. In a Municipality Government in West Java Province, the purpose of the special fund for the reporters was to promote the Local Government, and was used as an incentive for writing the news (Dwiyanto, 2003). This method proved to be effective since it did not create too much suspicion and was able to reduce the strong criticism that was often thrown by the reporters.

The common practice was that when the Local Government had the intention to invite reporters to a press conference or to cover an event, the Local Government would prepare several envelopes that contained money for the reporters. The following is an example of the practice:

“Envelope” for the reporters

In regency in East Java, the Local Government always provides special fund for the reporters. This fund is usually provided when the government holds an activity and invites reporters to cover it. Some are used to pay the transport and lunch expense of the reporters, while the others are used to provide the “envelope” for the reporters who cover it. Sometimes, this fund is used when the government wants to “reserve” a spot for news in certain media. The money spent depends on how large the news wants to be covered and where the news wants to be putted.

Source: Dwiyanto, 2003, *Teladan dan Pantangan dalam Penyelenggaraan Pemerintahan dan Otonomi Daerah*

What was the reaction of the reporters to the “bribery” effort by the Local Government? Some reporters accepted it gladly and considered it as a normal practice. Some refused it and argued that it broke the journalism ethic code, as it affected their independence as reporters. It was very often the case that the reporters who held onto this idealism tightly faced some pressure, both mental and physical, which possibly threatened their safety. Violence action towards reporters very often happened because their critical attitude was expressed through writing that might offended certain officials in the Local Government or politicians in the *DPRD*.

Unfortunately, the reporter’s idealism was often spoiled by some reporters who blackmailed regional officials and politicians. Their purpose was to force certain officials or politicians to give them money so that they would not write negative news about the official, politician, or the Local Government as a whole. The following two cases show how those reporters acted:

“Sopoi” Reporters

There are many reporters that actually do not belong to any official media or “illegal reporter”. These illegal reporters usually blackmail bureaucracy or certain institution officials that are still in trouble. There are many cases where the reporter asked for a bribe to institutions so that a problem that was faced by an official or an institution was not spread out to the public. This information is confirmed by a deputy regent in regency in West Kalimantan.

Reporters blackmailing officials

There were many complains from officials in a municipality government in North Sumatra that stated that reporters often disregard press idealism and aim only for money. To become a member of the Indonesian Journalist Union (PWI), someone only requires having identification card and does not have to join journalism course since in this city there are many press company. The Local Government often had to subscribe more than 5 different newspapers since if they did not, the reporters of the newspapers would be very critical to them.

Source: Dwiyanto, 2003, *Teladan dan Pantangan dalam Penyelenggaran Pemerintahan dan Otonomi Daerah*

The above two cases are the reason why the Local Government could not completely trust the intentions of the reporters to objectively cover various events that happened in their region. This prudent attitude toward the reporters was present in almost every region. It is not surprising that we could find writing on the walls of Local Government institutions that reminded people to be on guard towards “fake” reporters who often blackmailed the Local Government. On the other hand, some reporters, especially those who still held on firmly to their idealism, cannot trust the Local Government and the *DPRD*’s intentions to create good governance in their institutions. For some reporters, the bureaucracy and the politician never changed, for they were still filled with *KKN*. This distrusting attitude towards each other in the end weakened the

effort to create a qualified bureaucracy. However, the critical attitude of the reporters and their intensive attention towards the Local Government and the DPRD encourage the two institutions to be more careful so that they could suppress any possibility of larger authority defiance.

4. Comparison cases among six districts

In the Kulon and Anom Regencies, society, especially those in the urban areas and NGOs, were often in disagreement with the Local Government. Their critical attitude was often shown through protests opposing a policies considered to be inappropriate for public interest. They even dared to bring the case to the mass media or court of law. In those two regions, the civil society movement seemed to be more dynamic than in other regions because the society's characteristics were formed by its historical factors, and people acted critically. The history shows that the "defying" factor towards the ruling government in society was not an uncommon thing. In addition, friction between groups in the civil society itself was quite frequent in these two regions. From these conditions, critical attitudes toward policies that are considered not to be in line with their interests appear, especially when the policies come from the ruler. However, it needs to be admitted that their critical attitude was often driven by the interest of certain elite in the region, and their intention to fight for the public interest was less sincere. Suspecting that there was a certain elite political interest, the Regent and the bureaucrats, and sometimes the political elite often stepped forward to face all of the protests that of the NGOs. In the Kulon Regency, the executives and the politicians in the *DPRD* even suspected each other (conflict), accusing each other of using the NGO's to criticize the other. Such as the case in the Anom Regency, the Local Government (Regent, bureaucrats, and the *DPRD*) and the NGOs did not trust each other any longer. Eventually, the NGO's position in these two regions became secluded.

In relation to the local public administration reform, the critical characteristics of civil society in the Kulon Regency were more successful compared to the Anom Regency (failed). The reason for this difference is apparently related to the capabilities of the Regent in managing conflict that occurs between the Local Government, society and the

NGOs. The Kulon Regent that came from a politician group and grew up in the community knew exactly the political situation in her region. This advantage was useful to respond to the criticism and protests that were often conducted by the NGOs. She indirectly used them to support the local public administration reform. Different from the Kulon Regent, the Anom Regent came from a business background and did not have adequate knowledge about political situation in his region. He also did not have the ability to manage conflict. The result is that the conflict worsened and the atmosphere between the Local Government and civil society affected badly the local public administration reform process. Therefore, the civil society response variable apparently did not work alone in affecting the local public administration reform. This variable could only be effective when the head of the region was pro-reform, or the other way around.

In the Giri Regency, the Prajan Municipality, and the Alit Municipality, the response of civil society toward the local public administration reform was more cooperative. The groups in the civil society and the Local Government were willing to sit together to discuss certain policy issues. In some programs and projects, the Local Government involved society and the NGOs. Nonetheless, this policy is also often criticized by the NGOs who considered it as an effort of the Local Government to get rid of their critical attitude. Although they were willing to cooperate with the Local Government, some NGOs in these regions always showed a critical attitude when the Local Government was considered to have deviated from the existing policy. When the Giri Regency Government made the policy to directly appoint a private company to carry out several projects on education and health, for example, some NGOs then pressed charges on the Local Government because the policy was considered to violate regulations that required certain goods provision to be done through an open tender mechanism. Such was the case in the Prajan Municipality, when NGOs pressed charges in court, and several members of the DPRD were convicted. Meanwhile, in the Alit Municipality, the existing NGOs tended to be more cooperative than in the Giri Regency and the Prajan Municipality. There was once an NGO who dared to criticize a mayor's policy. However, in the end, it was prove that the NGO, which often changed its name, was never with the people. It was then naturally excluded by the other NGOs.

In these three regions, local public administration reform is considered to have been successful. Nonetheless, the cooperative role of society did not directly affect the success, considering their position as outsiders of the administration. In the Giri Regency and the Prajan Municipality, although the NGO groups were able to put pressure on the Local Government when there was deviation, their role was extremely limited to decision making. They were often late and only knew about the policy after it was implemented. This indicates that they did not have strong bargaining power in the decision making process, and only in supervision process. Nonetheless, this position is believed to have already played a certain role in accelerating the reform pace. One key variable that cannot be separated from the role of the Regent/Mayor is “his blessing” that highly affects the relationship between the Local Government, the bureaucracy especially, and the NGOs. When the Regent/Mayor had more power than the politicians in the *DPRD*, he was even able to force his policy so that the politicians had to face the NGOs. The three Regents/Mayors basically had populist characteristics and were used to facing the groups in society. They were also very open to criticism from the outsiders.

The biggest civil society issue in these regions, except in the Alit Municipality, was the tight collaboration between the bureaucratic elite and politician. The Giri Regency and the Prajan Municipality were two regions that had a high average educational rate compared to other regions in Indonesia. NGOs and society in these regions were commonly aware, and had political education. Therefore, when political conflict occurred between the bureaucrats, the political elite and civil society, it did not have negative effect on the general administration task, especially on the process of public administration reform. It is a fact that in this matter, once again, the Regent/Mayor played his role in managing the conflict so that it supported the public administration reform process. They often came to the front line to hear about the complaints and the problems of society far before the *DPRD* and the elite bureaucrats. Their popularity also often came in handy to settle conflict between the NGOs and the Local Government.

Meanwhile, in the Alit Municipality, there were almost no problems in the relationship between the bureaucrats, the political elite and the civil society. The bureaucrats and the politicians who had loose collaboration were used to interacting with

the NGOs and the common people. The leadership and the managerial abilities of the Mayor in the bureaucracy and his ability to politically control the politicians in the *DPRD* that mostly come from his party increased the possibility of dialog between the Local Government and society. Although the decision making was still done by the local government, civil society was also involved in giving input.

This condition is far different from the neighboring regency, Wetan. The passive attitude of civil society made the administrative elite, the Regent, the bureaucrat elite, and some politicians, uncontrollable. Tight collaboration between bureaucrats and the political elite and the anti-reform attitude of the regent made it harder for the public to have access to the policy making process that was obscured and unpopular. Nonetheless, it is interesting that in this region, the critical bureaucrat elites that were excluded from the key power circle dared to take the risk to reveal the collusion of the Regent with the bureaucrats and political elite. This is a quite interesting case because the motivation to change came from inside the bureaucracy itself. This has not been a common thing, and so far the bureaucracy has always been so identical with elitism and *bureaucratism* that it was unimaginable to see them change themselves. Through further investigation, it was found that the bureaucrat elite who dared to reveal the case of abuse of authority were not a group of bureaucrats that were disappointed because they did not have “lucrative” positions in the bureaucracy. Most of them even had strong positions within the hierarchy. The strong reform spirit movement that occurred at the time inspired them to act bravely and reveal the abuse of authority of their own colleagues. In addition, they were tired of the arrogance of their colleagues who often violated the prevailing procedures. In the end it troubled those that who really wanted to do their tasks correctly and properly.

Based on the description of civil society in response to those districts, the regions can be classified into three groups. The regions that belong to the critical response group are the Kulon Regency, and the Anom Regency. Meanwhile, the Giri Regency, the Prajan Municipality and the Alit Municipality belong to Cooperative group. The other region, the Wetan Regency, is the only region where civil society responds passively (see Table 6.6)

Table 6.6: Correlation between Response of Civil Society and Public Administration Reform Performance

Districts	Response of Civil Society (cooperative, critical, passive)	Public Administration Reform performance
Giri Regency	Cooperative	Successful
Prajan Municipality	Cooperative	Successful
Kulon Regency	Critical	Partially successful
Anom Regency	Critical	Failed
Alit Municipality	Cooperative	Successful
Wetan Regency	Passive	Failed

Source: primary data

CHAPTER VII

CONCLUSION

PROPOSED THEORITICAL AND MODEL REVIEW OF LOCAL PUBLIC ADMINISTRATION REFORM

A. Picture of the performance of local public administration reform

1. General comparison among six research districts

The implementation period of regional autonomy, based on Law No. 22/1999 and Law No. 25/1999, was considered by both Central and Local Government as being a difficult one. It was a time of significant transformation from a long existing and built up centralized administration system, into a new decentralized system. The transformation required a large amount of energy, not only with regards to systems such as finance, personnel, organization, procedures, planning methods, evaluation systems, etc, but also regarding the values such as innovation and creativity, competency, pro-poor, accountability, participation, etc. The former changes without the latter changes would be useless. In several cases this happened at a local level, with a high frequency of *KKN* and a lack of innovation in creating qualified policy. This was the result of changes in the ‘hardware’ that are not accompanied by changes in the ‘software’.

Though there is the belief that in the early period of local autonomy there were many problems, this does not mean that in that period there was not any effort made to create good governance. The spirit that grew at that time was the spirit of change. This affected many state officials, from the Central to the Local Government, as well as civil society groups. Although not everyone agreed with decentralization, enormous pressure from the outside government and politicians to embrace democracy powered the decentralization of the administration system progress. This study makes the basic assumption that the economic and political reform that occurred in 1998 in Indonesia also encouraged the reform in public administration at the local levels. This notion will be studied using several research samples from some regency and cities in Java, as well as several other regions, taken from a number of other research references.

In general, the performance of local public administration reform in the regions studied shows some differences, whether in the organization, personnel, finance, or planning method (See Table 7.1). Positive institutional reform (successful) was

experienced by the Giri Regency, the Prajan Municipality, and the Alit Municipality. Meanwhile, three other regions, the Kulon Regency, the Anom Regency, and the Wetan Regency, showed negative results (failed). In regards to personnel reform, the Giri and the Kulon Regencies were the two successful regions. Prajan and Alit Municipalities had a medium level (+/-) of success, and the Wetan Regency is considered to have failed. Financial reform was the one of the hardest components, and none of the regions managed to achieve it with a high level of success. The success of the financial reform the regions was only at an intermediate level--except for the Anom and Wetan Regencies, which are considered to have completely failed in the evaluation. Of all the reform components, the planning method reform was the most difficult to implement. None of the regions succeeded and only the Alit Municipality was able to perform it successfully at an intermediate level. The three regions those were relatively successful in performing public administration reform were the Giri Regency, the Prajan Municipality, and the Alit Municipality. The Kulon Regency is considered to have been less successful, while the other two regions, the Anom and Wetan Regencies failed to implement the reform in all of the reform components.

Table 7.1: Comparison of the success of local public administration reform in the 6 research regions

Districts	Public Administration Reform Components				Conclusion
	Organization	Personnel	Finance	Planning	
	<ul style="list-style-type: none"> • Number of institutions and subordinates • Congruity between the function of the institution and the need and the potency of the region • Number of structural positions (echelon) 	<ul style="list-style-type: none"> • Personnel recruitment and promotion assessment: system of merits (competency) or spoils (collusion and nepotism) • Number of regional contract employees • Performance of the personnel in providing services to the society • Transferring personnel systems among regions 	<ul style="list-style-type: none"> • The percentage of the Local Original Income (PAD) put towards the Local Budget • Bribery and Corruption • Transparency in the Process of the APBD Formulation • Effectiveness of performance of budgeting systems 	<ul style="list-style-type: none"> • Steps of local planning processes and effectiveness of project proposals from society • Public participation in local development project planning and implementation • Decentralization in policy making 	
Giri	+	+	+/-	-	Successful
Prajan	+	+/-	+/-	-	Successful
Kulon	-	+/-	+/-	-	Partially Successful
Anom	-	-	-	-	Failed
Alit	+	+/-	+/-	+/-	Successful
Wetan	-	-	-	-	Failed

Source: Primary data

Note: + = successful; - = failed; +/- = less successful

The three above mentioned regions that were successful in their reform are relatively more advanced socially and economically than the three regions that failed. Two of these three successful regions are municipalities, which in the Indonesian administration arrangement are usually more advanced than regencies in terms of social and economic conditions and physical infrastructure. Financially, for instance, these three regions, especially the Prajan Municipality and the Giri Regency, had an average Local Original Income (*PAD*) 10% above the *APBD* and almost 10% in the Alit Municipality from 1994-2004. This is far higher than the other three regions, which only achieved 5 percent above the average *APBD* in the same period. The Growth Domestic Product of those three regions was also relatively higher, at 3.5% during 2000-2003. The Wetan Regency was also above 3.5%. However, because the Wetan Regency has always focused on the agricultural sector, it is reasonable that the sector contributes the biggest share in *GDRP* growth.

In the Human Development Index (*HDI*), those three regions also managed to achieve a higher *HDI* rate in comparison to the other three regions. The *HDI* average of the three successful regions was above 70.00, while the regions that failed were under 70.00. The *HDI* of the Alit Municipality in 2005 was the second highest of all the districts in the East Java Province. The important contribution of *HDI*, for example, can be observed through the illiteracy and life expectancy rates of the societies as an indication of their socio-economic prosperity levels.

For the record, although the Giri is regency, its social economic development is quite fast, due to its strategic position in the Prajan Province. In addition, this region was once appointed, by the Central Government, during the New Order regime, to be the pilot project for local autonomy implementation. With this experience, Giri has more advanced empirical experience in implementing local autonomy compared to other regions.

2. Institutional Reform

In each research region there is a difference in the success levels achieved in the four public administration reform components. The institutional reform is the easiest factor to reform. This is indicated by the fact that there are three regions that were successful in making institutional changes. The indication of changes is shown

especially in their success in reducing the number (scale) of institutions in the agency. Under the previous administration, this number was considered to be excessive and not suitable to the regional conditions and needs. This was not done by deleting entire institutions from the institutional official structure of the Local Government, but by reducing their status into sub-institutions in an agency, bureau, or office. In other words, the model that is generally applied is an organizational merger between organizations that are considered to have a similar function. In practice, organizations that were merged often had different functions and it is an unlikely conclusion that since the implementation of local autonomy there has been specialization in the organization. Many agencies that merged have different functions and even opposite missions.

However, this action was quite positive, since in many other regions the number of institutions increased, but was not suitable for the regions conditions and needs. It is often the case that an institution is established only as a formality, with only a small number of personnel and without any definite task. For Local Government, reducing the status of an institution is a strategic action implemented to avoid conflict that can possibly occur between officials as a result of the deletion of an institution. Enormous pressure from the bureaucratic elites with the support from local political elites to maintain the existence of an organization is believed to be responsible for the local bureaucracy's failure to reduce numbers of institutions. It is often the case that this becomes a 'free-market' to be bargained by the head of a region and the career official elites supported by local politician in making political compromises.

Reform in institutions deserves to be noticed when the government is able to reduce the number of structural positions by more than half. Efficiency in this matter has meant an increase in the official structural allowance. This raise has somewhat quieted the strong criticism that has been made so far saying that the low prosperity levels of government personnel is caused by their low structural allowance. With this policy, it has been proven that a raise in salary, including structural allowance, does not always have a positive correlation with the decrease in the amount of *KKN* of the officials. Data has proven that compared to the previous period the *KKN* rate in the transformation period did not change; some even said that it increased.

With all of those benefits, officials are reluctant to hand their authority over to officials below their position. There are many institutions that directly relate to public services (street level bureaucracy), such as educational and health institutions, that do not have adequate authority to make their own policies and are still authorized by their superiors.

The institutional management reform that is still a problem for the Local Government is the inability to coordinate institutions, both at the planning and implementation level, though there is coordination through a hierarchic mechanism. This problem is a long standing one that is related to the budgeting process that is still sectorized that in decision making the bureaucracy is also sectorized. This change requires time since it is related to the way the officials think which is still sectorized.

3. Personnel Reform

The Giri Regency was the only region that was successful in carrying out personnel reform. An extreme personnel reform in the Giri Regency was due to the policy of the Regent/Mayor. Rewards and punishments were given to the employees. The rewards given were money incentives every year to those that had made achievements, while punishment was given by placing those that were considered to have neglected or failed their duties in Room 12. Although officially people in Room 12 are called there to give assistance, rumor spread among the officials that this position was actually a form of punishment for those who were incapable. This policy is quite spectacular because it was able to motivate officials to work their hardest, so that they could save themselves from “the punishment” given by the Regent/Mayor.

Other regions in which personnel performance reform was less successful are the Prajan Municipality, the Kulon Regency, and the Alit Municipality, while the other two failed. In these regions, there was innovative action to improve the quality of personnel performance, such as installing younger personnel, using a more accurate working capability assessment system, giving promotion based on competency, among other things. However, some of these actions were stopped by several internal and external factors. In the Prajan Municipality, strong cultural traditions affected the working relationship in the Local Government institutions, especially between superiors and subordinates. This is shown in a patron-client relationship that holds

high respect for seniors and in some behavioral rules that are not to be violated. Its biggest influence is in the communication between the personnel (in vertical and horizontal positions) and between institutions (in vertical and horizontal positions) that tends to be lengthy and complex. In this study, culture is considered to be the main cause, but it is the aim of the officials to maintain status quo, which is considered as the reason why there are still many unprofessional attitudes found in task performance. Excessive obedience of the subordinate toward the superior is an example of the efforts in maintaining status quo.

In the Kulon Regency, efforts to improve the performance of the personnel were often blocked by external factors, i.e. maneuvers by politicians in the *DPRD* to tackle the Regent's strategy to carry out his administration. The officials were often so frustrated by this that they forgot about the innovation and creativity that they had wanted to implement. It was also often the case that politicians interfered by influencing policy and placing an official in an institution. This could result in illegal agreements in the government institution. Illegal agreements in the administration once occurred in the Alit Municipality when the Mayor was tried to reform the official placement pattern so that it would be based on competency. These cases show that bureaucracy has become an arena for the bureaucrats and politicians to fight for their interests. Bureaucrats are often motivated to maintain their positions by economic reasons, while politicians usually use the bureaucracy to support their efforts to realize their political policies. There are also many politicians that use the bureaucracy to earn the same economic privileges as enjoyed by the bureaucrats.

In the two other regions that failed in their personnel reform (The Anom and Wetan Regencies), it can be said that the quality of personnel performance stalled. There were many reform policies that could not be carried out because the Regent/Mayor was not able to positively encourage the implementation of the policies. In addition, the Regent/Mayor had to face internal problems, such as *KKV* and internal conflict in political parties.

4. Financial Reform

Reform in the financial sector seems to be one of the reform components that is most difficult to implement. None of the six research regions succeed in performing

this reform. Four regions (the Giri Regency, the Prajan Municipality, the Kulon Regency, and the Alit Municipality) only succeeded at an intermediate level and the rest (the Anom and Wetan Regencies) are considered to have failed. Financial sector is a sector that is highly sensitive to change, not only at the region level, but also in the Central Government. The failure was especially high when the Central Government obligated every governmental institution to apply a Performance-based Budget. The change only took place in the budgeting system administration, from line item budgeting to performance budgeting. However, this change was apparently not followed by change which according to Pollitt and Bouckaert (2004:69) is more ambitious,

“to change the procedure of budgeting itself, for example, by altering the incentives to key budget actors or by fundamentally changing the structure or timing of the budget discussion, or even by attempting to alter the role of the legislature in the budget process” (Pollitt and Bouckaert, 2004:69).

There are many countries, such as Australia, Finland, New Zealand, Sweden, and the UK, which according to these two writers, failed to implement this quite ambitious financial management reform. In many cases in Indonesia, there are still many mistakes in the performance budget composition, especially in the strategic planning composition pattern, since the budget planning still depends on the number of subsidies that will be given by the Central Government. If there have been many mistakes in the budget planning and implementation steps, it is almost certain that the auditing step will also result in confusion. As a result of this failure, financial controversy and misuse still often occur in the *APBD* formulation and implementation. This is because the Performance-based Budget model completely neglects the fact that the budgeting process is a political process so filled with political interest and conflict between people with different interests, that it ignores the ideal basic concept of the model.

None of the bureaucrats and the politicians who sit in the *DPRD*, who are supposed to be responsible for the success of the management reform in the financial sector, are being serious in supporting reform in this sector. The Regent/Mayor, who is supposedly the main motor in the bureaucracy, is often barren in producing ideas that could improve the budgeting system so that it is accountable and transparent.

Politicians that are supposed to be responsible for watching over the reform process have also joined in this “game” so that the budgeting and the development financing process in the region have worsened. Both elite groups usually only make moral suggestions, but very seldom take any legal action to cleanse their financial system. This fact confirms the conclusion that has existed so far that bureaucrats and the political elite are not able to create accountability in the regional financial sector, and in some cases they are even a part of the corruption. In other words, the bureaucracy has evolved into an organism that has its own interest at heart and tries hard to retain these interests in order to fulfill the needs of those involved in it. One of the main criticisms of the public choice theory is that bureaucrats and political actors behave as rational utility maximisers, i.e., in a given situation these actors choose alternatives that are most compatible with their self-interest (preferences) and produce the largest payoffs.

5. Planning Method Reform

The last reform component, planning method, was the hardest reform to implement. Of the six research regions, only the Alit Municipality was able to implement it, though only at an intermediate level. This is because the area was not too wide so that communication between groups in society was easy and supported by an open attitude from the government personnel that was driven by the Mayor. The sufficiently high civil society changes in this region also encouraged the forming of a harmonic relationship between society and the Local Government. The problem was that the planning mechanism that was proposed was often trapped within a planning procedure that in practice required a lot of energy with ineffective results.

The difficulty that the region has to face to create participative planning is a reflection of the anti-democracy attitude that still strongly influences governance practice in Indonesia, even though political reform was vigorously implemented in 1999-2004 to achieve a more democratic system. In this matter, the bureaucracy was one of the institutions that were very slow in responding to the development of democracy. Moreover, as noted before, a bureaucracy as an organism benefits much from the centralized system that is a derivation of authoritarian system. From this point, it is reasonable that a bureaucracy would automatically refuse any pressure from

the outside that tried to interfere with its interests. This character of bureaucracy is often used by politicians that try to include their own interests in policies issued by the bureaucracy. The politicians never admit that their policies are not democratic, because they are afraid that their voters will leave them. This hidden support of the politicians pushes the bureaucracy to only allow partial participation from society in the administration and development practices.

6. Combination Model of Public Administration Reform

Various reform components above describe the similarities among the regions in implementing the model. This confirms that although Law No.22/1999 has been passed which certifies regional autonomy, in practice, control from Central Government is still so powerful that it controls the Local Governments activities, including the administration reform. The implementation of all of the reform components mentioned above is regulated by regulations issued by the Central Government. This is different from public management reform in other countries, where the administration system is decentralized as revealed by Pollitt and Bouckaert. According to them:

“All other things being equal, reforms in highly decentralized states (whether they be unitary or federal) are likely to be less broad in scope and less uniform in practice than in centralized states. In decentralized states different entities are likely to want and to be able to go in different directions, or at least not all in the same direction at the same time” (Pollitt and Bouckaert, 2004:43)

Pollit and Bouckaert (2004) grouped the regions that perform their administration reform as follows:

“the first and best known grouping is that of the NPM marketizers---Australia, New Zealand, the UK and, in words if not always in deeds, the USA. We will call this the core NPM group---they all see a large role for private sector forms and techniques in the process of restructuring the public sector. The second grouping is the Continental European modernizers---Belgium, Finland, France, the Netherlands, Italy, and Sweden (and Germany, if one goes below the federal level” (Pollitt and Bouckaert (2004:98).

It seems that the public administration reform model at the local level (or even the national level) that is being applied in Indonesia is a combination between the first

and the second models. Although the first model is not used absolutely as a reference, the idea of improving the quality of administration management by adopting private management such as Total Quality Management (TQM), has been around since the mid 1990s, and more recently efforts to introduce Citizens' Charter model has increased, especially to improve public services. However, the idea to adopt privatization by selling public assets to the private sector faces many problems and is unpopular amongst politicians and most of society. Meanwhile, the idea to modernize bureaucratic management (European Continental) seems to be considered more secure politically since change is done to minimize the loss that so far has been the government's burden, as well as to provide direct benefits for the society. This second model by the end is often used by the government as a reference to perform public administration, particularly since Indonesian administrative culture is similar to that of the countries in Continental Europe that choose *Rechtsstaat* form. On one hand, the absence of a clear public administration framework is advantageous because all of the ideas from those two management reform schools can be involved and inspire the decision maker to determine the best design. However, on the other hand, the change loses its direction and tends to be incremental, simply to cover the dirt of the bureaucratic management.

Regions that are highly dependent on Central Government innovation are usually left behind in creating qualified reforms, while regions that are bold enough to be innovative in their reforms are more likely to succeed in performing public administrative reforms. Although entire models proposed are often incremental and sometimes only fulfill the political needs of the head of the region before those of his voters.

If this combination model of public administrative reform is to create competency and governance, various strategies that have been carried out so far are relevant to the achievement of these goals. The strategy basically on the one hand has improved the quality of bureaucratic management by updating the tools used to be more modern, but on the other hand, needs to be better in line with democratic principles in welcoming public participation in administrative processes. Competency is built to make bureaucracy able to respond to society's needs which are continuously evolving. On the contrary, governance, besides being a supportive tool to enhance

competency, is also a part of the effort to educate society to take more responsibility in being involved in the process of fulfilling their owned needs. Considering the above bureaucratic reform cases are at the local level, this kind of reform purpose still has to be achieved. Several regions that sufficiently succeeded in performing public administration reform, though only in some reform components have the tendency to succeed in achieving the competency and governance ideas. Fact also proves that compared to the centralized era, the autonomous era, based on Law No. 22/1999, provides adequately large opportunity for regions to be creative and innovative in improving their administration. This confirms that regional autonomy is one of the elemental requirements to successfully implement public administrative reform at a local level. In other words, decentralization has enhanced local public administration reform although it is only in some of its components. This is also mentioned by some experts, such as Orlansky (2000:193) who stated that *“Decentralization in public administration is an important issue under New Public Management”*. High dependency on the Central Government apparently does not make local bureaucracy better this is because in practice the Central Government often becomes a part of the problem itself. From here, it can be inferred that public administration reform is a complex, conflict-ridden process. Most items on the policy agenda raise issues that are important to the interest of powerful political and bureaucratic actors and the dilemmas of reform show themselves in continuing divisions over both policy strategies and implementation on the ground.

The success of some regions in performing reform, among other reasons, is caused by their courage to not always depend on the Central Government's will; in many cases, they even dare to “fight” Central Government intervention that is considered to be irrelevant to the regional problem and its solution as well as the regional long term interest. Since there has been freedom granted in making innovative policy, it is now up to each region to manage its potency in supporting public administration reform processes that are beneficial to the regions. The following section will conclude several variables that affect the success of a reform.

B. Central Government Intervention and Dynamic Local Administration and Politics

Table 7.2 provides a short description of the causal relationship between some variables studied. The success of local public administration reform is influenced by two main variables, the Role of Central Government at a national level, and various Local Administrations and Political Liveliness at a local level. At the national level, the variable is the role of Central Government both in administration reform through decentralized design and in substance or policy reform. Meanwhile, at the local level, there are several variables that influence the success level of public administration reform, such as the Role of Regent/Mayor, Politician and Bureaucrat Response towards reform, and Civil Society response toward reform.

Table 7.2: Independent and Dependent Variables Relationship

Districts	Independent Variable				Public Administration Reform performance*
	Central Government' Role	Role of Mayor/Regent (reform promoter/progressive or reform resistance/status quo)	Response of Politician-Bureaucrat (collaboration or conflict)	Response of Civil Society (cooperative, critical, passive)	
Giri Regency	Loose control	Progressive Reform promoters are able to: a. make innovative policy (public services and institutional building) b. divide authority in making decision with subordinate (democratic) c. criticize and oppose (radical change) against central government's policy and adapted to local's needs d. fight corruption and make local budget transparent	Tight Collaboration a. Bureaucrats and politicians do not allow outsiders, including civil society, to influence them in: -Formulating local budget policy -Bidding government projects -Personnel placement -Restructuring organization b. The bureaucrats who have knowledge and experience are more cunning (clever and deceitful) than the politicians who only depended on their constitutional position.	Cooperative a. Civil society and the local government sit together to discuss certain policy issues. b. Civil society cooperates with the local government to carry out projects concerning public interest. c. Even though public administration reform is successful, the cooperative role of the society does not directly affect the success, considering their position as outsiders to the administration.	Successful
Prajan Municipality	Loose control	Progressive Reform promoters are able to: a. make innovative policy (public services) b. divide authority in making decision with subordinate (democratic) c. criticize central government's policy and adapt it to local's needs d. fight corruption and make local budget transparent	Tight Collaboration a. Neither bureaucrat nor politician allow outsiders, including civil society, to influence them in: - Formulating local budget policy -Formulating budget for Local House of Representatives -Bidding government projects -Personnel placement -Restructuring organization b. The bureaucrats who owned knowledge and experience were more cunning (clever and deceitful) than the	Cooperative a. Civil society and the local government sit together to discuss certain policy issues. b. Civil society cooperates with the local government to carry out projects concerning public interest. c. Although public administration reform is successful, the cooperative role of the society does not directly affect the success, considering their position as outsiders to the administration.	Successful

			politicians who only depended on their constitutional position.		
Kulon Regency	Tight control	Progressive Reform promoters are able to: a. make innovative policy (education) b. divide authority in making decision with subordinate (democratic) c. fight corruption and make local budget transparent	Conflict a. Bureaucrats and politicians have different interests and different actions in dealing with certain issues in terms of: -Formulating local budget policy -Formulating budget for Local House of Representatives -Formulating regional regulations -Personnel placement -Restructuring organization b. The resolution of the conflict will very much depend on the power possessed by each conflicting party	Critical a. The civil society is generally involved actively in monitoring and accessing the policy, but they also act critically by making protests opposing a policy that is considered to be inappropriate to public interest. They even dare to bring the case to the mass media or court of law b. The executives and the politicians in DPRD even suspect each other (conflict), accusing each other of using NGOs to criticize the institution. c. Regent has a role to manage conflict among them	Partially successful
Anom Regency	Tight control	Status quo Resistant to reformation due to: a. simply following all central government policies without having reservations as to whether those policies are unbeneficial for the region b. lack of ability to make innovative policy c. authoritative attitude in making decisions d. abuse of power (such as corruption and collusion)	Tight Collaboration a. Neither bureaucrat nor politician allow outsiders, including civil society, to influence them in: -Formulating local budget policy -Formulating budget for Local House of Representatives -Bidding government projects -Placement personnel -Restructuring organization b. The bureaucrats who have knowledge and experience are more cunning (clever and deceitful) than the politicians who only depended on their constitutional position.	Critical a. The civil society is generally involved actively in monitoring and accessing the policy, but they also act critically by making protests opposing a policy that is considered to be inappropriate to public interest. They even dare to bring the case to the mass media or court of law b. The Local Government (Regent, bureaucrats, and DPRD) and the NGO no longer trust each other c. No effort is made to manage conflict	Failed

Alit Municipal ity	Loose control	<p>Progressive</p> <p>Reform promoters are able to:</p> <ul style="list-style-type: none"> a. make innovative policy (public services, economics, tourism) b. divide authority in making decision with subordinate (democratic) c. criticize central government policy and adapt it to local needs d. fight corruption and make local budget transparent 	<p>Loose Collaboration</p> <ul style="list-style-type: none"> a. Bureaucrats and politicians give outsiders, including civil society, the opportunity to participate in: <ul style="list-style-type: none"> -Formulating local budget policy -Formulating regional regulation via means of giving suggestion. However, the final decision rests with members of the coalition b. The bureaucrats, who have knowledge and experience, are more cunning (clever and deceitful) than the politicians who only depended on their constitutional position. 	<p>Cooperative</p> <p>There is almost no problem in the relationship between bureaucrats and political elites and the civil society. Civil society responds actively in local development processes.</p>	Successful
Wetan Regency	Tight control	<p>Status quo</p> <p>Resistant to reformation due to:</p> <ul style="list-style-type: none"> a. simply following all central government policies without reservation as to whether those policies are unbeneficial for region b. lack of ability to make innovative policy c. authoritative attitude in making decisions d. abuse of power (such as corruption and collusion) 	<p>Tight Collaboration</p> <ul style="list-style-type: none"> a. Neither bureaucrat nor politician allow outsiders, including civil society, to influence them in: <ul style="list-style-type: none"> -Formulating local budget policy -Formulating budget for Local House of Representative -Formulating regional regulation -Bidding government projects -Personnel placement -Restructuring organization b. The bureaucrats who owned knowledge and experience were more cunning (clever and deceitful) than the politicians who only depended on their constitutional position. 	<p>Passive</p> <p>Most of the groups in the civil society do not have any concern with the policy issue that is related to government and public interest. They just accept every policy, program, and project without criticizing its usefulness on its implementation.</p>	Failed

Note:

* See Public Administration reform performance indicators (successful, less successful, and failed) in Table 7.1

Sources: primary data

1. State Failure

Local autonomy policy in Indonesia is a result of extremely strong political pressure from several actors outside the government (especially academics, NGOs, and several politicians), as well as undoubtedly a result of the Central Government's 'bankruptcy' in dealing with the 1997 Indonesian economic and monetary crisis. The Central Government reluctantly handed some of its authority to the regions and was forced to change the previous centralized system into decentralized system. Thus, autonomy was a gift from Central Government to the regions that still came with many policies concerning the implementation of local autonomy. This intervention was an inseparable part of the Central Government's unwillingness to hand over its authority to the regions.

This also happened in public administration reforms at local levels that followed the autonomy policy; almost every regulation is issued by Central Government, whether in the form of Government Regulation, Presidential Decree, and even Ministerial regulation. This condition is actually quite similar to the regional autonomy policy in the Philippines (Padila, 1992, Zhijian, Guzman, Reforma, 1992) and in Japan (Morita, 1992, Zhijian, Guzman, Reforma, 1992). From those facts, it is reasonable that Central Government makes the same policy for all regions, both in administrative reform (decentralization) and substantial reform in areas such as education and health that are national priorities.

Decentralization policy during the implementation of Law No. 22/1999 is a picture of the state's failure to create a design that could positively encourage administration reform at the local level. The unwillingness of government officials in central level to give full authority to the region in reforming its administration had created anxiety among policy makers in the region. This was also because they were confused with the existences of many rules that tended to oppose each other. There were many Central Government ministries that produced regulation without first making accurate policy analysis and ignored its interrelation and integration with policies produced by other departments. This is because each department still carried the trait of ego-sectored, that they liked to work alone. Many of them created policy just for the sake of not being called anti-decentralization, a very unpopular jargon in the era of political reform, where "freedom" was worshiped as popular rhetoric by

many politicians and society. However, it needs to be noted that decentralization was designed in a rush, which confused many ministerial at the central level in issuing policy that was supposed to be in line with the constitution.

Evidence that this composition of legal basic for decentralization was done in a rush also can be seen by the fact that at the local level political reform did not result in a direct Regent/Mayor election. There is a possibility that the local autonomy design at the regency/municipality level that gives sufficient freedom but without being balanced by a proper control weakens the autonomy itself. The case of autonomy during the implementation of Law No.22/1999 proves that when controlling elements in the government hierarchy, from the central to province (top-down control mechanism), are gone, while on the other hand the society (bottom-up control mechanism) has not been given a clear access base into the administration, political and bureaucracy elites at the local level use the power they have excessively. Regional leaders had a lot of freedom to determine every aspect of regional policy.

Thus, the condition during in that time was bizarre since autonomy was given by the Central Government to local government, and then the Central Government issued many policies to regulate the autonomy. However it seems that the Central Government was not able to control the region anymore in policy making as mandated by the autonomy. As previously explained, this was caused by the autonomy design that did not provide clarity for the region, this forced the region to interpret various policies created by the Central Government to fit with their interests and in some cases the leader's interest. On the other hand, the atmosphere of freedom became the spirit of reform and affected regional officials to 'fight' against Central Government arrogance that for more than three decades (centralized era during the New Order regime) had milked regions of their resources.

Although the Central Government appeared to be helpless, actually it still held the financial sector, which motorized the regional administration and economy. Around eighty percent of the income source in the *APBD* comes from Central Government given through General Allocation Fund (*DAU*), while the rest comes from the Local Original Income (*PAD*). In most cases regional contribution along with the *PAD* is even less than 10 percent of the *APBD* that it strengthens Central Government dominancy to determine the region's policy.

Regions have the freedom to plan development projects. This can be seen from the planning process of projects and the programs that are then budgeted for through the *APBD*. However, looking deeply at the budget of the *APBD*, it is observed that the freedom is partial because though the expense part (project and program determination) is handed over to the region, the income part is still controlled by the Central Government. In the end, the region does not have total freedom to make plans for itself. In addition, so far the development funds given by the Central Government to the regional governments are much larger than the deconcentration funds that are completely out of the regency/municipality government's control. Deconcentration funds are provided by the technical department and distributed through the provincial government.

Educational and health sectors are two examples of sectors where deconcentration funds are given in large amount by Central Government while the local government as the executor, depends on Central Government policy. The problem is not only who holds the money, but also who determines the policy within the region. Education and health policies are indeed priorities for the Central Government. However, by only letting the local government act as spectators in the process, the future concern is that the quality of service of both sectors will decrease. Concerning the quality, both sectors so far do not have any problems. However, conflict between the Central Government and the local governments will result in overlapping policies and thus be ineffective.

Policy reform in the education and health sectors and administrative design framed by decentralization policy do not support each other. Most policy regarding education and health sectors are issued by the Central Government and often neglect the rules that are created by the Central Government itself in decentralization, whether in the context of planning, budgeting, personnel selection, or structure of the executor organization from the Central Government to the local government. On the contrary, the administrative concept of decentralization does not consider the fact that local government control of both policy sectors is still so weak that the region could be imagined as a *toothless tiger*. The result is that each reform moves in its own way and there is no convergence to save the resources allocated for running the education and health policies. This is one example that shows how ineffective the government sectors

run their administrative tasks. Government should be able to save the budget by minimizing planning duplication that is not supposed to happen between Central and Local Governments, avoiding mistakes in personnel selection, creating a flat organizational structure, and avoiding unnecessary administrative procedure.

This phenomenon shows that the welfare-state has created a big role for state administration. This big role, in practice, is not well defined so it blurs the definition of institutions' roles in public administration. When decentralization policy is implemented, substantial reform to the policy tends to focus on administrative reform and ignores public sector programs. The state, in term of technical ministries, considers that those programs in the public sector are their 'holy-duty' and it would be irresponsible to delegate them to their subordinates, including the local government. They even consider it immoral to hand the duty over to non-state institutions, such as private companies or NGOs. This state moral theory is rarely contradicted by public choice theory proponents who consider that the state with, and its public administration (bureaucracy) behaves as a rational utility maximizer. They believe they will eventually loss their power to allocate state resources (budget), position within the bureaucratic structure, as well as their social status if the authority is delegated to another group. Therefore, they are not willing to totally reform the public sector even though it would create efficiency and increase government savings. Total public administration reform can not be achieved if decentralization processes only include administrative issues. It is like building a house, administrative design is the frame of the house, if the house is empty without activity in such a way that the house seems not alive. Therefore, there needs to be synchronization between the building design, the equipment as well as what kind activities will operate in the building. In other words, unsynchronized relations between these elements have resulted in an inefficient administration. In the end, it could become burden some on the government budget itself. This statement also confirms **the First Thesis**:

In a condition where bureaucracy is considered the main agent of social change, local public administration reform performance is determined by the convergence of administrative reform and substantial policy reform.

This is a general conclusion and only from a single viewpoint, top-down, since Central Government policy for all regions is the same (given). The outcome in each

region is possibly different as seen in the reform performance in the six research regions: three regions are considered to be successful; one is partially successful; and two other regions are considered to fail to perform their administration reform. In this case, it means that there are other variables that have possibly affected the success of public administration reform in a region. Those variables presumably come, as a matter of fact, from the region itself. In other words, although the autonomy design is still messy, the effectiveness in promoting freedom of speech in every region is considered to be successful. In addition, autonomy is considered to trigger the growth of policy innovation that is beneficial for the region.

2. Dynamic Administration and Local Politics

a. Mayor/Regent as reform promoter

Even though Central Government control is still powerful, the atmosphere at that time, which was overwhelmed by the spirit of liberation from the authoritative regime, also influenced the bureaucracy and political elites to stand and “fight” Central Government will. They based their move on the legal basis of Law No.22/1999 that defines autonomy as originating from the region and not given by the Central Government. This means that the region has the right to do anything in order to manage its region as long as it is still under the unitary state of Indonesia. This is why in many regions there is quite radical reform and it supports the effectiveness of the reform itself. This radical change is promoted by the Regent/Mayor, whom must be committed and very courageous in reforming, as well possessing the knowledge and political capacity required.

The first variable that significantly influences local politics and administrative liveliness is the role of the Regent/Mayor, because the Central Government is unable to ensure clarity of policy and certainty in administrative or substantial policy reform. Therefore, the Central Government is unable to effectively control regency/municipality’s policies. It seems that the implementation of Law Nr.22/1999 has broken the hierarchic relationship between central and local government. However, local political actors (*DPRD*), have so far been unable to become good legislators and supervisors of executive. In addition, local civil societies have not established themselves yet, hence they can not effectively control local government attitudes.

In this research, the roles of the Regent/Mayor are categorized into two groups: those who encourage the reform process (Progressive); and those who are pro-status quo. This categorization is based on the policy made to speed up the reform, including the Regent/Mayor's courage to 'oppose' Central Government policy that is considered to be unbeneficial for the region, their style of decision making, and their role in the creation of clean government.

From the six heads of regional government, four are progressive and two are pro-status quo. Those who are progressive are the Giri Regent, the Kulon Regent, the Prajan Mayor, and the Alit Mayor. It is extremely difficult to draw a conclusion from the data based on socio-economic and political backgrounds, such as education, job, and political affiliation, which may have influence on the character of the Regents/Mayors. However, it is a coincidence that two of them are college lecturers, while another is a businessman, and the other is a local politician. Those who are pro-status quo (Anom and Wetan Regencies) are a businessman and a career bureaucrat, respectively. With this variation, it is difficult to conclude whether socio-economic and politic backgrounds have an effect on their attitude toward reform during their time as the Regent/Mayor. However, to some extent, background also influences the character of people in dealing with administration and public affairs. Those who have a background as a college lecturer, for instance, are often more critical in responding to public concern and have a wider scope of knowledge. Meanwhile, politicians tend to act critically and be more open to criticism. On the contrary, data shows that the character of a Regent/Mayor will how they govern, such as the Wetan Regent who was proved guilty of corruption. This was because of old bureaucratic habits of tending to lack the strength to control authority infringement. A similar case occurred in the Anom Regency where the previous occupation of the Mayor affected the way he run his government.

It seems that the most accurate way to judge whether a Regent/Mayor is progressive or not is by studying their policy. All of the four heads of region that are considered to be progressive have made innovative policies. They have similar characteristics to those outlined in entrepreneurial and stewardship theories of leadership, for example, policy was made by the Giri Regent to reward or punish his employees and to increase the quality of public health services. The Prajan Mayor is

also considered to be innovative for making a more accurate employee achievement evaluation and more conducive urban services. The Alit Mayor during his period succeeded in accelerating economic growth through the improvement of city facilities and public participation in planning and implementation. The Kulon Regent was very concerned with the basic education and building a communication network through sophisticated information and telecommunication infrastructures to better enable the community. Sometimes, policies may be considered controversial because they are risky and even unbeneficial for the region. However, the uncertainty created by the Central Government in giving policy autonomy has initiated innovation and advanced bureaucrats' ways of thinking and politicians' effectiveness in administration and development issues.

While those considered progressive were able to create innovative and courageous policy, those considered pro-status quo never made any productive policy for their region throughout their time in power. They tended to emphasize the attributes of individuals rather than collective behavior. They did not pay attention to the changing nature of this relationship, but merely focused on relationships between the leader and subordinates.

It is recorded that the Wetan Regent once tried to make policy to establish a food manufacturing factory. However, in fact, it was only his cunning effort to create a positive image for the society and the Central Government. The administrative model of the Wetan Regency was not different from the administration model during the New Order regime era that was centralized, because they rather to wait for policy to be made by the Central Government. The Wetan administration was very passive in responding to public issues but extremely reactive toward criticism that it considered could ruin its image, such as was done by the Anom Regent who used his paramilitary institution to respond to criticisms from NGOs. Administrative management in both regions is considerably rigid and lack dynamism. Because of these factors, coordination problems among institutions occurred often and resulted in mistakes in making policy. The Wetan Regency, for instance, carelessly dismissed a certain institution in order to improve public services because they thought that they were able to provide the services through the internet. However, in practice, they were totally unprepared, both in their software and hardware, to provide the services through the e-

government system. In the end, this ruined public services that had been running before.

In order to be progressive, the Regent/Mayor requires strength of character among other things and the courage to “oppose” Central Government policy that is considered to be unbeneficial for the region. The argument that is being used to counter government policy usually is Law No.22/1999 that de jure gives autonomy to the region and gives opportunity to interpret policy freely. Such figure heads are not afraid of the “threat” from Central Government concerning their policies. In practice, there was no case where a Regent/Mayor was sacked by the Central Government for making policy considered to be in opposition with the Central Government. It could be said that in that era, the Central Government did not have adequate power to control every policy made by the Regent/Mayor. The reasons for this condition are that there was a political euphoria surrounding the new “freedom from the Central Government” and the law that outlined the relationship between Central Government and region was unclear. What Central Government did at that time was to use the litigation line, which reserves its right to examine every regulation made in the region. This method indeed worked since then there were hundreds of regional regulations that were withdrawn because they were considered to be in opposition to the law and in conflict with the public interest, especially private sector interests that was often affected by those policies.

However, it was often that the Regent/Mayor who insisted on the implementation of a policy, as happened in the Giri Regency in which the bureau that regulates land was turned into a local autonomous institution, based on the Law that mandates the region to handle land matters. Strangely, this Law was overruled by regulation beneath it that was issued by the president, which mentions that land matters are under the Central Government’s authority. Nonetheless, the Giri Regent stands to his opinion though he was rebuked by Central Government and provincial officials. This example shows that the Regent/Mayor attitude is an important factor in managing regional policy in the mid of political and administrative uncertainty. For the Regent/Mayor, the important thing is to have something that would be beneficial for the region.

Such strong will is rarely possessed by the Regents/Mayors who are passive and tend to be pro-status quo. Without such courage, these figures heads lacked the will to implement innovative policy that could accelerate public administration reform. Most of them just followed Central Government policies and regulations that tended to be contradictory. In the end, they were confused by how to implement the policies. In such cases, the Regent/Mayor should play an important role to determine the policy and even to make their own policy that would be beneficial for the region. However, there were many pro-status quo Regents/Mayors who did not like progressive policy and tended to wait for decision to come from the top. When they made their own policy, most of the time, they just copied it from other regions without assessing its relevance to their own region's needs and problems. Such policy was not very effective and tended to only waste energy and resources.

In regards to the style of decision making, it is difficult to see the difference between those who are progressive and who are pro-status quo, whether they act democratically or authoritarian. If democratic attitude is defined as the willingness to open themselves up and to involve others (both from inside or outside its institution) in decision making, and authoritarian is the opposite, facts point out that those considered progressive also often made authoritative policy. On the contrary, those considered pro-status quo also often made policy using a democratic approach. The result of an authoritative policy is not always negative, while democratic policy does not always result in positive performance of administration reform. This is an evidence of a law in public policy theories that a good policy does not result outcomes, if the policy implementation process is not carried out properly.

To determine whether a Regent/Mayor supports democratic or authoritative attitude in making decision, study can be done on the type of policy made and the situation faced when the policy was made. Considering the types of policy, such as regulative, distributive, redistributive, and incentive, there seems to be no correlation between the type of a policy and the way it is made, authoritatively or democratically. When the Giri Regency created '*Room 12*'⁸⁸, for example, it was completely of the

⁸⁸ A room, which has by chance number 12, is used for Regent's assistance. Government personnel sarcastically called the people who were in it as an excluded people though actually not all of the people were in there because they did not have sufficient competency. They were rested in the Room 12 for a year; and then when their working performance was improved, they would be reassigned in the structural position.

Regent's initiative. Such was the case when the Kulon Regency established a TV station, it was completely of the regent's initiative and thus, no one could reject it. On the contrary, it is common that when the Regent/Mayor makes a policy about giving incentive to the members of *DPRD*, there are many parties that intervene to enforce the implementation of the policy, especially the politicians themselves. Thus, the policy results in much criticism since the chances of *KKN* occurring are very high. Many Regents/mayors have made the mistake of welcoming the suggestion of someone outside their administration to place an employee in certain position, and then eventually it is proved that the employee's performance is not good.

It is very likely that democratic attitude in decision making highly depends on the political climate when the policy is made. The period of implementation of Law 22/1999 was a remarkable period of autonomy for local governments because of the lack of clarity of the Central Government policies, as well as the local political situation that tended to oppose the Central Government interests. Local 'radicalism' that emerged in the form of local leadership often resulted in increasing political frictions. The opportunity for local government to make decision was increasing but at the same it created an increasingly political and administrative uncertainty. This mostly affected the performance of bureaucracy, as the execution agent, and eventually the public services provided. In this kind of political condition, only a smart and brave the Regent/Mayor could use their position for their own interest or the society's interest. In this uncertain situation policy was usually made in an authoritarian way by the Regent/Mayor, seeing as they faced many urgent administrative management and public problems. Furthermore, it is presumable that in that situation at that time there were many politicians that tried to make use the situation for their own and their group's interests. The Regents/Mayors, many of whom coincidentally had populist attitude, populist policy though the decision making was done in authoritarian way. On the contrary, those who were pro-status quo tended to make elitist policy.

Democratic decision making processes were usually only applied to policies that were considered sensitive issues. Many policies that were made by the Alit Municipality resulted from compromise with the civil society, whether on the behalf of the society, mass organization, or mass media. The increasing contribution from the civil society in social and economic changes in Alit Municipality was closely related to

the role of the mayor who invited broad public participation. Although in some cases, there are NGOs that always oppose any Local Government policy (*waton suloyo*), society itself is critical and will eventually suppress the existence of the NGOs that do not have a clear mission.

Another way to see whether a Regent/Mayor is progressive or pro-status quo is to see their effort in creating good governance. Those who are progressive promote transparency and accountability. Four of the heads of region that are progressive do not hesitate in giving the public the opportunities to access the budget allocation in *APBD*. They do this by announcing the budget allocation of *APBD* in mass media. In many other regions, there have even been efforts to announce publicly the head, the type, and the budget of the projects that are handled by the agency and earn money from *APBD*. This is to avoid slander and so that society can have direct control on who leads the projects⁸⁹.

On the contrary, the Regent/Mayor who is pro-status quo tends to cover up the policy that they have made. It is almost definite that there is no any transparency in the process or the result of a policy. This closed attitude is suspected to be a part of the conspiracy between political and bureaucratic elites who use public resources for their own or their group's interest. This point shows that there are heads of region, bureaucrats and political elites that are corrupt or receive money because of their position. This means that they are unable to create accountability whatsoever.

In correlation with local public administration reform, those two heads of region that are pro-status quo do not succeed at all in performing each required reform component. On the other hand, from four of the heads of region that are progressive, three of them are considered to succeed in public administration reform. The other one is considered to be less successful. This conclusion proves that one of the key requirements of a successful public administration reform at the local level is the Regent/Mayor character. In this case, the progressive character of a Regent/Mayor becomes the main factor that supports every effort to create a successful local public administration reform. This progressive character then must be shown in several areas, particularly high leadership skills and qualified managerial ability. The data shows that

⁸⁹ In the New Order era, the position of project leader is lucrative and fought over by many employees because those who sit in this position are able to use the project budget for their own interests without any tight control from supervisory institutions or their superiors.

the Regent/Mayor that has these qualifications has managed to perform a successful public administration reform. Their contribution is to ensure that the reform process is in accordance with regional needs.

Thus, this conclusion confirms **the Second thesis**:

The performance of local public administration reform depends mostly on the role of the Regent/Mayor. The role in fact becomes very apparent when on one hand, the Central Government is unable to create clear and certain policy administrative or substantial policy reform. On the other hand, political actors (DPRD) do not have the ability to supervise bureaucracy effectively.

b. Cunning Bureaucrats and Conceited Politicians

The performance of local public administration reform would be more interesting if viewed from the response of the bureaucratic and political elite involved in the process. These two roles are very important because they often have to deal with the impact of the reform. It is very likely that a reform process would affect many aspects such as job position, budget allocation for the institution, relationships with other institutions, personnel recruitment, and public access to the planning made by the institution. The bureaucrat that holds an important role is the City Manager. This is the highest bureaucratic position in the region. The collaboration or conflict between city managers in responding to the reform makes the administration and political liveliness at the local level interesting. Therefore, in this research, the responses of the two roles are categorized into collaboration and conflict. Collaboration occurs when the bureaucrat and political elite make an agreement whether it is secretly or openly, to make a policy that would be beneficial for both parties. Meanwhile there is conflict when both parties have differing interests and actions when dealing with certain issues in reform.

From those six regions, there is only one that has a high rate of conflict between the bureaucracy and the politicians in implementing the reform. The region is the Kulon Regency. An extremely high political friction between those two institutions is a portrait of a conflict between the nationalist group elites and religious group elites which traditionally have different views on many public and administrative matters. Furthermore, because the regent was coincidentally a woman from the nationalist

group, the religious groups were determined to oppose the regent and her personnel⁹⁰. Considering this condition, political friction between the two groups worsened when politicians, regardless of their political party, were dissatisfied with the regent's policy, because she did not fulfill their request for an increase of welfare budget for the members of the *DPRD*. The regent refused this request because it would violate regulation from the Central Government on the allocation of the *DPRD* budget. In addition, many politicians that came from the nationalist group that did not like the City Manager that was considered to be a product of the *Golkar* party, the previous prevailing party that is considered to be the ringleader of *KKN* in the New Order era. The regent, however, was still willing to keep him because he had experience managing the administration that was very much needed by the region.

Conceptually, the model of conflict that happened in the Kulon Regency is similar to the Adversarial Model by B. Guy Peters (1987). The resolution of the conflict very much depends on the power possessed by each conflicting party. The power could be in form of strategic position in public position or a party's special skill. Thus, to determine the possibility of a person or a group to be the winner, we must consider the case and its relation to the individual's position and skill. In the case of the Kulon Regency, although de jure Regent's position is below the *DPRD*, in practice the close relationship between regents with the Indonesian President at that time, who was coincidentally also a woman and from the same party, firm her political position in the region. Regarding some policy issues, the Regent along with her bureaucracy personnel managed to retain her position in front of the board. Nonetheless, sometimes conflict resolution was required through policy bargaining between them both. This means that each party agreed on the policy proposed by its political opponent if each interest could be accommodated.

There are many regions that managed to suppress conflict between bureaucrats and politicians through collaboration. Could everybody's interest be fulfilled? The answer to that question actually lies on the quality of the collaboration. In this case, there was no actual collaboration between them that aimed to fulfill the interests of the region and its society. Rather, the bargaining between them was in order to fulfill their interests through policy made collaboratively. The bureaucrats need the

⁹⁰ There are still opinions among some religious leaders that women are not supposed to be leaders (patriarchy)

politicians to legitimize their policy, while the politicians need the bureaucrats to support their efforts in implementing the policy. They were each being defensive of their own interests, afraid that the reform would threaten these. However, they did not want to show this explicitly because it may have ruined the image of the bureaucracy that was no longer positive in the eyes of the society and the politicians, and they did not want to have their voter support decrease. The safest act was to collaborate with each other. It could be said that public administration reform very much threatened their interests, both institutionally and personally. That is why almost no political party has promoted local public administration themes in its campaign. This fact proves **the Third Thesis**:

There is no evidence that the success of local public administration reform is supported by local politicians since they are not interested in placing local public administration reform on their political agenda.

The characters of the collaboration in the five regions studied have different variations, which can be grouped into two different models, the Tight Collaboration and the Loose Collaboration. Tight Collaboration is when those who form a coalition do not allow outsiders, including civil society, to influence them. This model is similar to the Village Life Model by B Guy Peters. The Regions that conform to the Tight Collaboration category are the Giri Regency, the Prajan Municipality, the Anom Regency, and the Wetan Regency. While the Loose Collaboration model is similar to the Functional Village Life, in which the parties that form a coalition give an opportunity to outsiders to participate in giving suggestion, though the final decision is still held by the members of the coalition—an example of this region is the Alit Municipality. In the Alit Municipality, bureaucrats and politicians gave freedom to the society and NGOs to access certain policy that was being discussed. The input from the outside also became a consideration for the members of the coalition to make policy, but the decision was made by the coalition. On the contrary, in the regions with tight collaborative characteristics, almost no outsiders had any influence on the coalition since they shut outsiders out. As a result of this closed attitude, conflict with outsider would usually arise when the policy was implemented.

Constitutionally, politicians who sit in the *DPRD* hold a higher position than the bureaucrats. However, bureaucrats are people who have been educated and trained for years in performing administrative tasks. In other words, although bureaucratic position is constitutionally below the members of the Board, they have power in the form of knowledge that the politicians do not have. Coincidentally, in that period most of the politicians were instant politicians that did not have much capability and did not have the ability to understand the administration and public problems in any way. As a result, although on the surface level there seemed to be tight collaboration, the bureaucrats were actually the play makers of the coalition. Unconsciously, the politicians were carried away with the game rhythm played by the bureaucrats who were experts in administration and public matters. This can be seen by the fact that there were many politicians in the *DPRD* that were convicted in *APBD* budget misuse cases that they had to stay in prison. On the contrary, few bureaucrats were arrested for the same cases. Whereas the budgeting process for example involves both the legislative and the executive, the bureaucrats were presumably involved in the same cases. In this matter, the bureaucrats that were experts because they possessed knowledge and experience, and were more cunning (clever and deceitful) than the politicians who only had their constitutional positions to depend on.

In the administrative practices of that time, it was apparent that knowledge domination was able to defeat constitutional domination when it was not supported by power of knowledge. Looking at the history of the New Order bureaucracy, besides having constitutional power with its position that was above the politicians (legislative), they also dominated knowledge since they were supported by the technocrats. Thus, it is reasonable that in that time, the New Order bureaucracy became one of the main political powers in Indonesia besides *Golkar* (the ruling party) and military.

One of the actors that are worth noting in the public administration reform is the City Manager. As the highest career official in the region, he has adequate knowledge and experience in managing the administration. His managerial ability is very much needed by the Regent/Mayor who does not have sufficient administrative knowledge. Many Regents/Mayors completely depend on the City Manager for internal administration management matters. The pattern of the relationship between

the bureaucrats and the politicians is mostly determined by the ability of the City Manager to control the game rhythm that he would not be easily trapped into political tricks that are often made by politicians in the *DPRD*. Therefore, the facts as revealed above prove **the Fourth Thesis**:

Collaboration between the bureaucrats and politicians (DPRD) is artificial because what really happens is that they are exploiting each other to maintain each of their own interests. In this collaboration, the bureaucrats are more cunning than the politicians at avoiding political tricks in public policy that could bring them into authority misuse.

In correlation with the performance of the local public administration reform, there are two regions where the politicians and bureaucrats engage in Tight Collaboration and still have successful local public administration reform. Those two regions are the Giri Regency and the Prajan Municipality. On the contrary, in the two other regions, the Anom Regency and the Wetan Regency, politicians and bureaucrats engage in tight Collaboration but the local public administration reform does not result in the expected outcome (fail). One region that shows Loose Collaboration characteristics, the Alit Municipality, is indeed successful in performing local public administration reform. There is an interesting phenomenon experienced by the Kulon Regency. The rate of conflict between the politicians and the bureaucrats is high, but the reform does not completely fail (less successful). From this fact, it can be inferred that the response of the bureaucrats and the politicians, whether characterized by Tight Collaboration, Loose Collaboration, or Conflict, does not have a direct influence on the success of local public administration reform. Nonetheless, with other variables, it is presumable that this variable affects the success of a local public administration reform.

c. Civil Society

One variable outside the state that is assumed to play an important role in the local public administration reform process is the response of Civil Society. The role is classified into three groups, which are Critical, Cooperative, and Passive. Critical role is when civil society is actively involved in monitoring and accessing the policy, but

they also act critically toward the policy models, programs, and projects made by the government. Disagreement is expressed in various forms of protest and even in lawsuit. Cooperative role when the civil society is willing to cooperate with the Local Government in carrying out programs and projects concerning public interests. Usually this kind of civil society only accepts policy models and implementation designed by the Local Government. Meanwhile, passive role takes place when civil society groups do not have any concern with the policy issues that relate to government and public interests. They simply accept all policies, programs, and projects without criticizing their use and implementation.

The data on the participation and political orientation of society generally shows that the 1998 reform has not yet been able to provide sufficient room for society to participate or actively access the policy planning process though it directly relates to their interest. On the contrary, society participates actively in political celebrity shows, especially political at the national level that is glamorous, such as president/vice-president elections. This phenomenon in fact is not very supportive of democratic development because society tends to act more as political commodity consumer than as an actor in the political process. This can also be seen in the public administration reform process at the local level since society's influence has not been able to encourage the creation of a qualified bureaucracy. Thus, society's role and position in facing bureaucracy in many regions has not shown any positive changes.

Some cases show the position and the role of NGO in the composition of public policy. Despite the criticisms that NGOs only function for their own benefit, there are still NGOs that sincerely fight for public interests. Another interesting thing is that both parties bargain on the fee for making identification cards as if they are sellers and buyers. The important thing is that the result satisfies both parties. Market mechanisms in formulation of public policy at the very least reduce the suspicion from each party and at the same time build trust between both. In other words, elitism in the formulation of public policy could be reduced over time when the process is performed transparently and public access is opened.

The 1998 Reform has given great freedom to the press. In the new order era, freedom of the press was a luxury since government strapped it firmly. However, the

reform era guarantees freedom of the press. This is indicated by the increase in the number of printed and electronic mass media both at the national and local levels. This condition is supposed to positively affect administration reform by encouraging a creation of qualified public administration performance in accordance with the control function owned, especially in information that relates to public interests, such as education, health, and poverty. However, it has been predicted that some of the mass media that exists is a reflection of a capitalist way of thinking, and emphasizes how to gain profit without considering the quality and its effects on the public. Besides, the attitude of distrust between the mass media and the government in the end weakens the effort to create a qualified public administration. However, at least, critical attitudes of reporters and their intensive attention to the Local Government and *DPRD* encourage the two institutions to be careful, and this, could potentially prevent more extensive authority defiance.

Based on the classification of civil society responses, the Kulon Regency, and the Anom Regency showed critical responses. Meanwhile, the Giri Regency, the Prajan Municipality and the Alit Municipality showed Cooperative responses group. The other region, the Wetan Regency, is the only region in which the civil society responded passively. In the Kulon and the Anom Regencies, the civil society is often in opposition to the Local Government. Their critical attitude is often shown by making protests opposing policy that is considered contradict public interests. However, it needs to be admitted that their critical attitude is often driven by the interests of certain elites in the region that their intention to fight for public interest becomes less sincere. In the Giri Regency, the Prajan Municipality, and the Alit Municipality, civil society and Local Government are willing to sit together to discuss a certain policy issue. Nonetheless, this policy is also often criticized by the NGOs who consider it as an effort of the Local Government to stifle their critical attitude. However, their role is extremely limited in decision making. They do not have strong bargaining power in the decision making process and only perform supervision process. In the Wetan Regency, the passive attitude of the civil society makes the administrative elites, Regent, bureaucrat elites, and some politicians, uncontrollable. Therefore, local public administration reform in this region can be inferred unsuccessful.

The only factor that could explain a weak of civil society phenomenon is the historical heritage of the new order regime which is very repressive. In that time, the civil society was politically silenced by reducing their role in political party and on the contrary leading them into organization with various kinds of working units that were created by the ruling government regime. The purpose was to control civil society activities. It was also often that people who opposed the regime were punished with terror and prison. Planning mechanisms, both from the institutional and the substantial sides, had been carefully designed that it was impossible for an idea to break through the platform that had been blueprinted by the government. The condition during that period was very effective to make the civil society act passively and accept every policy made by the government. It seems the 1998 Reform has not be enable to encourage changes in civil society attitudes though now the opportunity to participate is wide opened. There is possibility that the trauma of a very repressive past still haunts the society so that they still act passively now.

Thus, generally, it can be inferred that in general, the role of civil society in policy making process is still limited, particularly in public administration reform. Thus, this conclusion confirms **the Fifth thesis**:

Civil society access to policy that relates to public administration reform is limited. Both the bureaucracy and the politicians often use the existence of civil society, especially the NGOs, to give pressure to each other when the friction of interest between them worsens.

C. Conclusion

Based on the above analysis, the following conclusion answers the research questions proposed in the Chapter One Introduction:

1. Among the administration and political experts in Indonesia, there has been a pessimistic attitude in responding to the success of the public administration reform, both at the national and local levels. However, this research has proved that at the local level, there are some regions that are considered to be successful in performing the reform. Considering the reform components of organization, personnel, financial, and planning method, and the success of each region in achieving the reform is varied. In comparison, there is no

component of reform that is easy to perform, except the organizational structure reform in some regions. Meanwhile, other reform components are considered to be not very (partially) successful. The most difficult reform component that appears in most regions is planning method. Only one region is considered not to be very (partially) successful in performing the planning reform to become transparent and beneficial for the region. Financial reform is the reform component that its success is only in the level of administration model changes but it has not been able to change the process and the substance. Meanwhile, personnel reform is considered to be less successful and there are regions that are even successful in implementing it. In general, from the six regions researched, three are successful, one not is very (partially) successful, and two completely fail. In the two regions that failed, all of the reform components failed to be implemented. If the success of local public administration reform in each of those reform components is to be judged from the competency level achieved and the ability to make use the values of good governance in administration, those three regions can be considered to be successful in fulfilling those two criteria.

2. At the macro level, the variable of the Central Government Role is the same in all regions, with its policy that is in the form of Government Regulation, Presidential Decree, Ministerial Decree, and its implementation in arranging public administration in region. This is a logical consequence of the regional autonomy model that considers autonomy as given by the Central Government to the Local Government. Data shows that it is indeed the Central Government is unprepared to perform the reform since it often makes contradictive policy. The policy is both in administrative reform (decentralized) and substantial policy reform. The administrative design that is described in the architecture of decentralization is very fuzzy and confusing for the region. This decentralization policy does not show a synergy with the policy reform (education and health for instance) that many resources that could be used to make the Local Government more competent are wasted. This is a picture of the states failure in creating a clear and certain legal basis for the region. The State is reluctant to hand over some of its authority to the region. It argues that

the region is not yet capable and it is afraid that the region will separate itself from the Unitary State of Indonesia. However, the central department is actually reluctant to give authority to the region because it is afraid that it may reduce its own power in the control of the region's resources. Although the policy comes from the Central Government, not every region accepts it completely. Some regions revise it so that it becomes in accordance with the regions interests and some regions even reject it. Therefore, it is very difficult to see that the Central Government makes any contribution to the success of local public administration reform in those regions.

3. One of the key variables that determine the success of local public administration reform is the role of the Regent/Mayor. The Regent/Mayor who has a progressive mind will tend to succeed in implementing the public administration reform. On the contrary, those that are pro-status quo are much less likely to be able to perform public administration reform. Nonetheless, the progressive will not be able to achieve the reform's purpose unless they are supported by some other variables. Affirmative attitude is the main factor that enables the Regent/Mayor to create reform during times of policy uncertainty from the Central Government and political turbulence at the local and national level. Their courage to "oppose" the Central Government policy that is not in the interest of the region has supported the growth of advantageous policy innovation. In addition, political uncertainty continuously encourages them to improvise in making smart policies. Supported by their ability to manage internal bureaucratic management conflict, they are able to use the conflict with politicians and civil society groups as a support to perform public administration reform. On the contrary, those that have always been pro-status quo do not have the requirements which make their administration changes very slow or even retarded. Their dependency on the policy from the Central Government is very high and they do not make any effort to innovative policy. As a result of the uncertainty of the Central Government policy, the development of regional administration is in total confusion and it may well be said that public administration reform does not exist.

4. There are two different responses from the politicians and the bureaucrats in responding to the public administration reform, i.e. Collaboration and Conflict. Collaboration happens when bureaucracy and political elites make an agreement, secretly or openly, to make a policy that would be beneficial for both parties. Meanwhile, conflict happens when both parties have different interests and actions in dealing with certain reform issues. Collaboration is classified into two groups: tight Collaboration and Loose collaboration. Tight Collaboration is when the two parties do not allow outsiders to influence their interest, while Loose Collaboration is when those in the coalition allow outsiders to give suggestion, although the final decision is still held by the members of the coalition. In all of the research regions, whether characterized by collaboration or conflict, there is not any politician who is interested in making public administration reform into a policy issue. This is a political reproduction of what happens at the national level since there is not any political party that is interested in using the issue of public administration in its political campaign. They are not interested in the issue because it is highly sensitive and could possibly decrease their number of voters, considering that it contains downsizing, rightsizing and privatization issues which are unpopular to the society.
5. During the implementation of Law No.22/1999, de jure politician position (legislative) is above the executive (constitutional power). However, in practice, the knowledge and experience of the bureaucrat (knowledge powers) play a more important role in avoiding political tricks that are made by the politicians which saves the bureaucrat from any punishment for misusing authority. This also shows that the coalition between the bureaucrat and the politician is very fragile. There is much potential for conflict to arise because each of them has their own interests, and each notably is suspicious of the other. Data shows that Tight Collaboration in a region does not guarantee the success of public administration reform, and neither does Loose Collaboration. On the contrary, the region that has conflict will not necessarily fail. The impact of the variable of the bureaucrat and the politician's response is largely

affected by the role of the Regent/Mayor in managing the conflict or the collaboration and use it to support the reform.

6. The role of civil society in public administration reform process is still limited, both for the cooperative civil society and the critical civil society. Their role is usually determined by the politician and the bureaucrat who often use them to pressure other when their relationship is worsened. In correlation with the reform performance, the region that has cooperative civil society is more successful. Meanwhile, there are two possible conditions that could happen in the region with a critical society: failure and partially successful in reform. On the contrary, it is found that in the region with a passive civil society, the public administration fails. This conclusion shows that the role of civil society does influence public administration reform but in a limited way, considering that there are other variables that influence it.
7. The success of local public administration reform is mostly determined by the factors that come from inside the region itself rather than the factors coming from the Central Government. In other words, regional autonomy is an absolute requirement for local public administration reform to achieve its required result. Local factors that influence the success of local public administration reform are the role of the Regent/Mayor, the response of the bureaucrat and the politician towards the reform, and the response of civil society toward the reform. Among those three factors, the role of the Regent/Mayor plays the most dominant role in determining the success of the reform. The Regent/Mayor that is progressive tends to be more successful in performing the reform than the Regent/Mayor who tries to maintain the status-quo. Nonetheless, the role will only be effective when it interacts with two other variables. In the area with a progressive the Regent/Mayor, collaboration between bureaucrats and politicians (both loose and tight), and cooperative civil society, the local public administration reform tends to be successful. Meanwhile, in regions with progressive the Regent/Mayor, conflicting politicians, and critical society, the level of success decreases (partially successful). In a region with tight collaboration between the politicians and the bureaucrats, passive civil society,

and pro-status quo the Regent/Mayor, the local public administration reform most certainly fails.

D. Reviewing the Concept and Theory

The key theory that becomes the background of this study is the theory on Public Administration Reform. The theory, including New Public Management, bureaucracy, and decentralization, will be re-evaluated, based on the result of this study.

1. Cause for weak Public Administration Reform

Public Administration (PA) reform in Indonesia has actually been performed since the New Order era by introducing various models, such as the scientific management model that dominated since the early period of Indonesian independence until the mid 1980s, PBBS and Policy analysis during the end 1980s, Reinventing Government and New Public Management that was first introduced in the early 90s, to the E-Government, Modern Government, and Good Governance that was starting to stand out early in the 21st Century. However, all of those reforms were moving so slowly that if there were indeed changes, it was only on the surface. From the practical point of view, the weakness has several causes:

a. Bias in Public Administration (PA) definition

In its development, the study on PA in Indonesia tends to be understood as a study on the State's institution. This definition in practice has brought the domination of public administration through its primary institution (bureaucracy) in the governance system of Indonesia to become powerful and disrespectful toward the public. This is due to the governance culture in Indonesia which since the kingdom era has been elitist. Moreover, since it was first introduced in the early independence period until the early development of New Order regime construction which was authoritarian, study on PA was aimed more at the enhancement of state institutions and the relationship between them. Simplistically, this can be observed from the translation of the term "Public Administration" in Indonesian which is translated as *Administrasi Negara* (State Administration) instead of *Administrasi Publik* (Public Administration). During the New Order era, this study also did not improve much considering that it

was not affected by the values of democracy; thus it can be concluded that the study on PA tends to be a study that concentrates on the enhancement of the state's power instruments (centrifugal). It is therefore understandable that during that time, reform on PA which was proposed by PA experts only dealt with technical and procedural issues (scientific management) in the daily administration implementation process and was never able to touch the substance, especially in the relationship between PA and the public. Change started to take place after the 1998 reform, marked by the occurrence of many studies on PA which asserted the one sidedness of the state's institution functions toward the public. Then issues that questioned the neutrality of the bureaucracy came up.

Considering the change in the Indonesian political system from one single authority to multi-party (pluralism), it is assumed that PA in Indonesia will be more qualified and pro-democracy. However, after nine years, the reform on PA shows almost no significant changes. This study found that political parties are completely uninterested in making it a political agenda. Why? Because change in PA, which they define as change on the state's power instrument, presumably will threaten the interests of the political parties and their politicians that have so far have received benefits from the existence of the PA system.

Another finding from this study even shows that as a result of PA reform, both bureaucrats and politicians are repositioning their power. They are involved in several collaborations in the reform process. However, those collaborations are fake because they are actually exploiting each other to empower their own positions. This hidden conflict phenomena in the reform process once again shows that the development in the study on PA is closely connected with the way the power is defined, which means that study on PA is a study on the State's institution and how authority inside of it is used.

From the finding of the hidden conflict between bureaucrats and politicians, it is also possible to make a conclusion on the importance of the bureaucratic role because in those cases, they are cleverer than the politicians in escaping from political tricks in the making of public policy that may cause them to be entrapped in the abuse of power.

b. Ideology incompatibility

As it is known, Indonesia is a Country that follows the *Rechtsstaat* system which puts the State as the dominant party in the process of social change (development). In addition, law becomes the basic consideration for the administrator in making every decision. Compliance with the law which in practice is manifested in compliance to the superior usually encourages the administrator to make decision that tends to be pro-institution rather than in the public's interest. This is different from the Anglo-Saxon model, the administrative culture of which is concerned with public interests that this system tends to be more open toward other models, including from the private sector which may also be implemented in the PA system.

There are many PA reform models which have tried to be implemented in Indonesia, including the latest models that introduce NPM and Governance. Those two models generally come from the countries which have a strong Anglo Saxon basis, such as the UK and the USA. Therefore, it is understandable that PA reform that has taken place so far often experiences stagnancy because of 'ideology incompatibility', i.e. between the PA system in Indonesia (legalistic-formal) and the theoretical concept that becomes the basis for PA reform model (market oriented). Several cases found in this study, such as the failure of Citizens' Charter implementation and other models which are similar in some regions in Indonesia, are proof of the ideology incompatibility. Similarly, this study also found that in the governance context the role of civil society in reforming PA at the local level is still very limited. Moreover, they are used by the bureaucratic and political elites to retain their interest by acting on the behalf of PA reform.

Nonetheless, it does not indicate that the PA reform model that arises from the *Rechtsstaat* has managed to be implemented in Indonesia which has the same administrative culture. Though the Constitution states that Indonesia is *Rechtsstaat* and Welfare State, in practice it is very difficult to conclude that both are fully implemented. There are also many influences from outside the system that become a reference for the administration and state affairs process. This ambivalence causes the emergence of the conclusion that Indonesia is in the grey area, and this in the end creates confusion in PA reform.

c. Historical factor

History has proven that the Public Administration system in Indonesia, especially bureaucracy as the main institution, does not have a record as “servant” but mostly as “ruler”. The long history of Indonesia since the kingdoms era until the early 1998 reform era, which overthrew the authoritarian New Order regime, still suggests that bureaucracy is a ruler. This is indicated by several aspects, such as in public services where in practice it is the society who serves the bureaucracy and not the other way around. The same condition happens in the power sharing between politics and bureaucracy: it is a fact that there are many constitutional regulations, such as Presidential Decree, Minister’s Decree, and in the local level The Regent/Mayor Decree, which are made by the executives are more powerful than the higher constitutional regulations which are produced by the legislatures (*DPR/DPRD*) which supposedly become the foundation for the subordinate regulations.

This study has proven that it is very difficult for various civil society groups to have access to the decision making process which so far has become an authority domain, *sacralized* by people from the executives and legislatures. As a consequence, public participation often has to face a wall of authority which is built by those who rule.

The Regent/Mayor factor, which is one of the main variables in the PA reform process in the local level, once again indicates that the ruler factor has a big role in every reform. If a region has a Regent/Mayor who is qualified and commits to the reform, it is very likely that the reform will achieve a desirable result. Conversely, when a region has a Regent/Mayor who is unqualified and anti-reform, it is very likely that the reform will be failed.

d. Development strategy mistakes

For decades, the New Order regime implemented the development strategy by dividing it into several sectors. The mistake was that each sector was left separated and developed independently, without anyone able to construct them in one working network. This also occurred in the PA reform implementation which was left separated from other development sectors. This study found that decentralization is still a part of PA reform. The formulation neglects its relationship with other sector reforms which

in this study is called 'policy reform' or 'public sector reform', such as education and health sector. The influence of *sectoralism* in the administration system of Indonesia from the national to the local level has made the administration system incapable of supporting the implementation of the development sectors. Reform in those public sectors does not take into consideration the administration design that has been constructed within a decentralization framework. The result is then implementation mess caused by the inexistence of well made connective concepts between both sides.

The incapability of the Ministry of State Personnel Empowerment (*PAN*) which is supposed to be the motor for PA reform is a proof on how *sectoral* strategy has weakened reform efforts. That there is no political and administrative support for PA reform in the form of policy priority scale causes this ministry to be powerless in making other ministries obey the reform policy that is issued by the ministry. Other technical ministries try to make their own reform concept on public sectors that become their responsibility and do not try to relate it with the administrative design that is being reformed by the State Ministry of PAN.

2. Reformulating Public Administration Reform concept

Criticism regarding the practical perspective as mentioned above signifies the existence of criticism toward PA building which so far has been a selected model in Indonesia. However, it must be noted that there is no specific Indonesian PA building, except one reproduced and collaborated from various PA systems from around the world, such as Europe Continental and Anglo-Saxon. It is nonetheless important for Indonesia to implement a model which is in accordance with its own culture administrative and political structures that the desired reform will be more applicative.

Almost all of the PA reform models developed comes from the experience of developed countries, both which have Rechtsstaat-centric and Anglo-Saxon-centric culture. Since they are made from practical assumption which is in accordance with their political, economic, and cultural systems, it is very likely that there will be problems in the implementation if the system is different. One thing that has to be considered is that Indonesia, since independence until today, has not experienced linear social changes with clear stage as experienced by developed countries. Even today, in the mid of a complex global situation with fluctuating social-economic and

political changes, it is very difficult to properly formulate a PA reform model that is suitable with the conditions faced.

One weakness that is apparent from all of the existing models, from scientific management, PPBS and Policy Analysis, Reinventing Government, New Public Management to E-Government model, Modern Government and Good Governance, is that they are too rationality-centric because they stand on an established system with a series of mathematic calculation which has more certain probability of goal achievement. This is a characteristic of the *developmentalism* (modernism) model which spread vastly from the West Country to the developing country during the-60s decade. Modernism theory moves from an assumption that modernization and economic growth will create a more rational bureaucracy and that on the same time political participation will increase and then democracy will develop. This assumption is then supported by several analyses that state that certain political authoritarianism does not oppose modern capitalist culture. The supporters of the dependency theory nonetheless criticize that in truth modernism has a hidden agenda to put developing countries under the control of developed countries. With this agenda, PA reform that is offered is often related with the effort to keep the capital invested in developing countries safe without considering the political and economic system that exists in the developing countries.

Shamelessly, the supporters of modernism also neglect the political behavior of the main institution in PA, the bureaucracy, as an organism that has its own interest. This bureaucracy's behavior is often deviant from the term "bureaucracy pathology". This kind of bureaucracy is usually so powerful because it is supported by other state power institution, such as military and political party, and in several cases collaborates with National or International Corporation, as criticized by the supporters of dependency theory. It is even able to reduce and to depoliticize the political life of the society. Political institutions, which used to be places for the society to channel their political aspiration and participation, now have been subordinated by the bureaucracy, which makes them parts of the State corporatism and changes their function into instruments to control the society.

In *Rechtsstaat* system, bureaucracy power is increasingly solid because bureaucracy demands loyalty from the personnel and the institution inside toward laws

that have been agreed upon by everyone. Other political powers meanwhile need bureaucracy because bureaucracy is the only one that has a complete administrative instrument and a legitimatization to be in every part of the society's life. This extensive network of bureaucracy is what makes other institutions greatly need the existence of bureaucracy. Bureaucracy has a strong bargaining position that it despises any effort that tries to reform itself, particularly the effort that changes its position that has existed for long.

The symptom of bureaucratic dominance brings depicts that since so far bureaucracy is not neutral, to solve PA reform stagnancy, bureaucracy should be neutral. However, it would not be that easy since the concept of bureaucracy neutrality as proposed by Hegel is still very abstract. In a homogeneous societal condition with similar social-economic and cultural level, it is possible to apply the Hegel's concept of bureaucracy neutrality. It would be very difficult however to find such societal condition, especially considering that viewed from any aspect (socio-cultural, economics, politics, religion, geography), Indonesia is very complex. Bureaucracy cannot avoid taking sides, and because it exists in a specific environment, bureaucracy will be value loaded.

This one-sidedness has to be clarified: to whom or to what bureaucracy takes side with. There are two possibilities, whether it is to the law as a political agreement that is used as common reference or it is to the public interest. Both actually are not a dichotomy but a continuum line which is able to move between two poles, according to the need and the challenge faced. One-sidedness, to the law, is necessary when the problem is obvious and the policy choice is correct. Meanwhile, one sidedness, to the public interest, often happens when the problem faced deals with society's sense of justice and it is not possible to be handled by existing law; in some cases, the law does not even provide a policy option. In this situation, bureaucracy should be on public interest side, with appropriate calculation and acting speed. The implication is that PA reform model which is supposed to create professionalism (law) has to consider justness values, and in which PA is a part of them.

Bureaucracy's one-sidedness as explained above also clarifies that administration cannot be separated from politics. Overlapping relationship which so far happens is usually resulted from the pathologic bureaucracy and has nothing to do

with the conceptual truth that there is a relationship between both. The most important thing to note is the relationship line on which both interact with each other. It is very often that political decision is made highly abstractly that it could give opportunity for the administrator to interpret the decision according to its interest. This phenomenon often occurred in Indonesia, especially in the New Order regime era where legal power of a Presidential Decree for example is often higher than constitutional regulation which is produced by the legislatures. Besides caused by the pathologic characteristic of bureaucracy, which is signified by the size of the power possessed, it is also caused by the weakness of constitutional regulation produced by the legislatures which gives executives too much freedom to interpret the policy (discretionary power) in its implementation. Thus, despite the model of PA reform, to be successful two things that need to be considered are the extent to which law has its power to bond both which is produced by the legislatures and the executives, and the legal relationship between both.

Rationality-centric which becomes a weakness of the PA reform models has caused the potency of the groups outside the State, such as civil society, to be left out. The sophisticated model which is being developed, i.e. governance, actually attempts to anticipate this weakness because this concept is understood as an administration system which involves many actors, networks, and institutions outside the government (the market and civil society) to manage problems and public needs. The concept of governance is neutral because it only dictates the way economic, political, social, and cultural problems are managed by the government, civil society, and market. Good management creates good governance, and on the contrary bad management creates bad governance. Nevertheless, this concept is actually a reproduction of the modernism model (*developmentalism*) which tries to be friendlier to the bureaucracy and the public. It would be very difficult to implement it when the political system is still authoritarian and the market has not been perfectly formed that the monopolistic market may wins and the role of the society in the view of the State is minor. This study also found a symptom of bad governance, where the market at the local level spoke in the name of good governance and accuse the regional government of being unjust for appointing a specific private company without a tender process in conducting a government project. Local government was forced to do this because the

private company also cheated by conspiring with other businessmen to share its projects (sub-contracting) which it resulted in lower quality. However, in the name of good governance, a private company manages to bring the government to the court room and eventually the government was found to be guilty. In this kind of case, the society as a pillar in the governance and as the consumer has to be the victim of an administrative process which speaks in the name of good governance.

This important role of the state in the governance concept has to be properly defined. It is no longer dominant but adjusted to its function when the market and the civil society are considered to be incapable to replace the role of the state. Thus, balance position between those three governance pillars should be adjusted to each role, which previously has to be clearly defined and agreed. One of the best strategies to balance the role is through the state's willingness to decentralize its authorities to the institutions underneath, market, and civil society. Decentralization here refers to political decentralization, the authority to make decision and implement it. Between the governments, decentralization should not end only on the political elites and bureaucrat level but should also flow until reaching the street-level bureaucrat. In this way, deregulation and de-bureaucratization become meaningful. Meanwhile, decentralization to the institution outside the state can be manifested through the implementation of privatization and participation concept.

Lastly, as a final note on the reformulation of PA reform concept, it should always be remembered that reform cannot be separated from the political reform. Findings in this study show that the condition of local government with a progressive leadership configuration, supported by a collaborative relationship between bureaucrats and politicians, supports the argument that political and administrative reform should be performed coincidentally. Nine years of reform in Indonesia (since 1998) shows that there is almost no harmony between the bureaucrats and the politicians and that the PA reform is running extremely slow. The disharmony of the reform is getting apparent when there is not any political party which is interested to place the issue of PA reform as policy agenda that needs to be handled soon. In the end, the success in reforming administration in local level mostly depends on the person who leads the region. If the society manages to elect a proper leader, it is very

likely that the reform will achieve the desired result, and on the contrary, if they fail, it is certain that the reform will also fail.

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